ANNUAL REPORT 2009

_betasystems

At a glance

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

Thousand €	2005	2006	2007	2008	2009	2009 vs. 2008
Revenues	95,606	96,621	88,596	90,439	81,106	(10.3 %)
Operating result	(4,624)	(15,602)	5,819	6,445	1,384	(78.5 %)
Result before income taxes	(5,144)	(16,412)	4,904	5,951	1,692	(71.6 %)
Net income for the fiscal period	1,571	(18,390)	2,310	4,805	1,241	(74.2 %)
Cash	4,383	2,050	3,176	1,822	1,986	9.0 %
Shareholders' equity	31,492	12,990	23,713	28,587	29,742	4.0 %
Balance sheet total	74,594	69,532	69,408	70,980	76,990	8.5 %
Equity ratio in %	42.2	18.7	34.2	40.3	38.6	(1.7)
Number of employees	733	645	603	633	648	2.4 %

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 so permanent as change«. This quote, taken from Heraklit, is a very apt description of the business development which Beta Systems underwent in 2009, a period which it closed by delivering a positive result for the Group for the third year in a row.

I came to my own personal turning point in the company at mid-year when, in July, there were major changes to the scope of my tasks. When I joined Beta Systems it was in the capacity of Chief Financial Officer. All of a sudden, I found myself taking on sole responsibility for a group which serves more than 1,400 customers worldwide and has over 600 employees in 20 Group companies. This gave me a completely new perspective on the company. At this point I would like to offer my thanks to all our customers and business partners who have wholeheartedly supported me in my new role in recent months.

Back in January, the Beta Systems Group expanded through the effective take over of the DETEC companies which operate as independent subsidiaries. This acquisition has already borne fruit in its first year, resulting in our being able to win new market shares. SI Software Innovation GmbH, a company integrated in 2008, also performed well in 2009. Both of these holdings raised their revenues and profit.

The Company has indeed changed, but not only through its acquisitions. We have, for instance, realigned Business Data Center Infrastructure Line of Business (LoB) and positioned it to cater optimally to requirements in the market. Moreover, we stepped up cooperation between the two segments of Data Center Infrastructure and Identity Management in order to release additional synergies. This measure was particularly important in striving to attain one of our primary objectives: strategic realignment as an infrastructure provider.

The acquisitions, successfully integrated in the high-margin infrastructure business, and restructuring form the basis for raising revenues in this increasingly converging field covered by the DCI and IdM LoBs. At the same time, results were kept at a high level of 2008, despite the many changes.

This was also attributable to the sharp increase in the sale of identity management products. The trend is ultimately proof of the segment's convincing portfolio with its products in the areas of security and compliance which are in demand, especially in times of crisis. We have extended our range of products and services in 2009, a prime example being the current version of SAM Enterprise Identity Manager which we presented at the end of the fiscal year. At this point I would like to emphasize that the result achieved in the Identity Management Line of Business remained distinctly positive despite investments in new product generations and additions to the portfolio. Indeed, we even succeeded in raising it from € 0.4 million to € 2.9 million.

Through its strong infrastructure business and active cost management, Beta Systems achieved a positive consolidated profit (EBIT) of € 1.4 million. Nonetheless the appreciable downturn in orders in the Enterprise Content Management solutions business caused a decline in revenues and profit within the Group as against the previous year.

In the solutions business, which is dependent on large customer projects, the reticence of major banks and insurance companies in making large investments in IT and IT projects against the background of the crisis in the financial markets became patently evident in 2009: None of the major orders under negotiation and typical to the ECM LoB were brought to a successful conclusion. As a result, there was a significant decline in revenues and orders.

In response to this development, Beta Systems approved a package of measures at the end of 2009 which was instrumental in bringing about the greatest change in the year ended. With your approval at the last extraordinary Meeting of Shareholders, we hived off the ECM Line of Business which now operates independently as Beta Systems ECM Solutions GmbH. Once the spin-off became effective, Beta Systems ECM Solutions GmbH, as a company operating independently within the Beta Systems Group, took over the development, marketing and sales, as well as the support of customers and suppliers, for the products and services in the document processing business. At the same time, this measure widens our scope immensely in the strategic realignment of the solutions business.

OUTLOOK FOR THE FISCAL YEAR 2010

We have many plans for 2010 and believe that we are well equipped to undertake new tasks and the new changes which are certain to come. 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. In striving to achieve this, we will retain our basic line of business strategies established in past years. Our primary objective is to gradually raise revenue levels eroded by the global financial and economic crisis while, at the same time, building more flexibility into the cost base and adjusting it in order to secure positive results and margins in the long term. As an additional support, we can expect opportunities for the products and solutions of Beta Systems in the wake of a gradual easing of the financial crisis.

The year 2009 was not an easy one for Beta Systems. We have met many challenges and delivered a consolidated profit for the third time in a row. May I thank you as valued shareholders of Beta Systems Software AG for the trust that you have vested in us. My thanks also to our employees for their creative ideas and the professional commitment with which they master the challenges of daily business – ultimately, it is they who have enabled us to make this fiscal year a success.

Berlin, in March 2010

Gernot Sagl
Member of the Management Board

COMPANY PROFILE

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 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 20 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.

INVESTOR RELATIONS AND THE BETA SYSTEMS SHARE

The Beta Systems share delivers a positive annual price performance

Whereas, in 2008, the Beta Systems share was drawn into the maelstrom of the steady deterioration in the capital and financial markets, in 2009 it did not track the again positive development of the overall market, especially in the second half of the year. The share remained volatile and the trading volume was on occasion very low, which was also due to the high proportion of investors with a long-term investment horizon.

At the beginning of 2009, economic stimulus programs were initiated in the USA and in the Federal Republic of Germany to bolster the economy. The GDP figures published by the industrial nations were clear evidence of a recession. Intervention by central banks as well as state guarantees and takeovers, particularly in the financial sector, brought about a stabilization in the financial system from March onwards. As from April there were the first signs of an improvement in the economy. Private consumption served to cushion the recession in Germany and the markets benefited from an early improvement in the global economy. The economic downswing slowed in June, and July and August saw the most important indices of the USA and Germany climb to new highs. Despite its subsequent and renewed downturn, the DAX recovered towards year-end and closed just under the 6000 point mark.

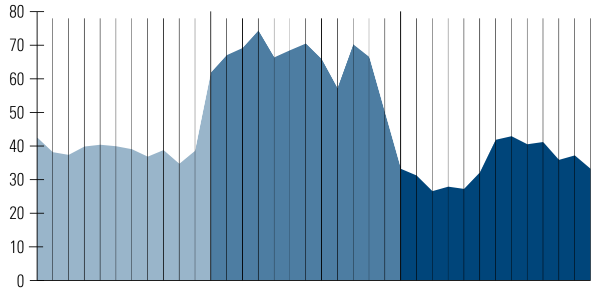
The price of the Beta share started off at € 2.19 on January 2, 2009, and stood at € 2.00 on March 31, 2009 (opening and closing price in Xetra). In the first three months of 2009, neither information by the Company nor analyses nor the release of the very positive 2008 financial data were able to boost the share price performance. Moreover, the trading volume was low and the Beta share dropped to its last recorded lowest point of € 1.91 on March 11, 2009 (Xetra closing price).

By contrast, the good figures released for the first quarter of 2009, positive press reports and a generally positive market environment lifted the share price in April and May. The trading volume also climbed again in the second quarter of 2009, and the share price had risen to € 3.22 by June 30, 2009 (Xetra closing price).

July saw the share initially gain momentum with trading holding steady and, on July 16, 2009, it peaked at € 4.00 (Xetra variable share price). Up until the end of September the share price movement was influenced by an increased propensity to sell and, on September 30, 2009, it posted € 2.76 (Xetra closing price).

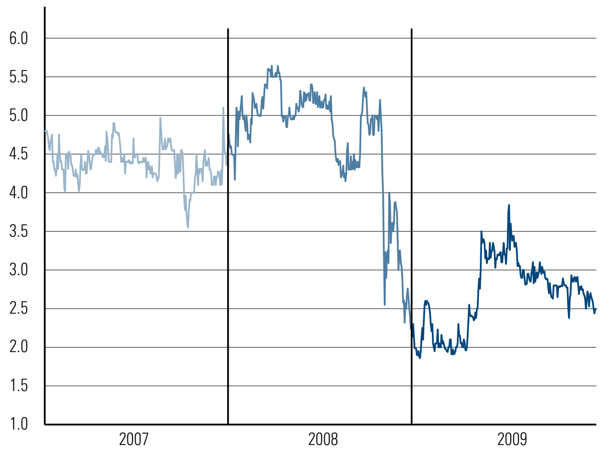
At the end of October the share nevertheless once again succeeded in picking up momentum, and the trading volume rose slightly upon the release of the nine-monthly figures for 2009. Both the share price trend and the trading volume were modest again in November, whereas December was turbulent, with prices fluctuating between € 2.79 and € 2.38 (variable Xetra prices). The Beta Systems share finally closed the year at € 2.50 (Xetra closing price), thereby delivering an annual performance of +14.2%. Measured in terms of the year as a whole, the trading volume had declined in comparison to the previous year.

Market capitalization of the Beta Systems Share



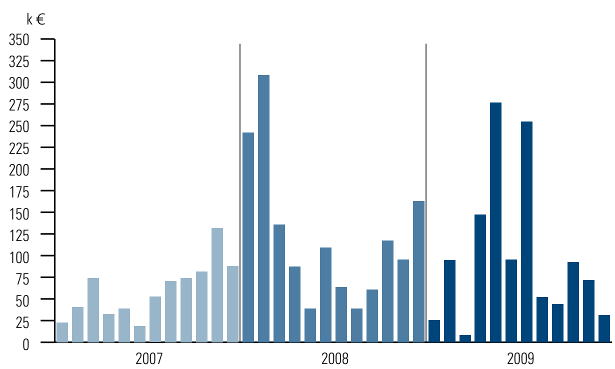
Beta Systems market capitalization 2007 – 2009 in € million (Xetra)

Price performance of the Beta Systems share



Beta Systems share price performance 2007 – 2009 in € (Xetra)

Trading volume of the Beta Systems share



Trading volume of the Beta Systems share 2007 – 2009 in thousands of units (Xetra)

Beta Systems Key Share Data

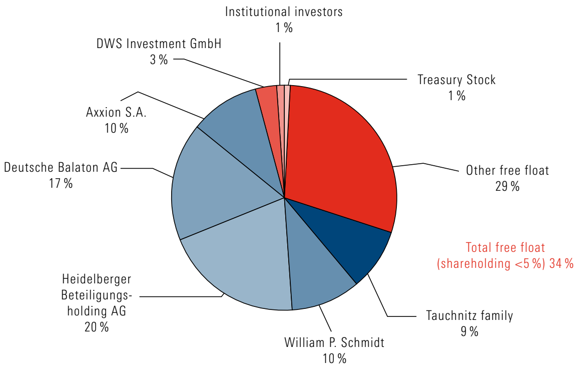
	2007	2008	2009
Earnings per share	€ (0.24)	€ 0.36	€ 0.09
High (Xetra)	€ 5.10	€ 5.65	€ 4.00
Low (Xetra)	€ 3.55	€ 1.86	€ 1.91
Year-end closing (Xetra)	€ 5.10	€ 2.10	€ 2.50
Number of shares issued	13,288,914 units	13,288,914 units	13,288,914 units
Share capital	€ 17.3 million	€ 17.3 million	€ 17.3 million
Year-end market capitalization	€ 67.8 million	€ 27.9 million	€ 33.2 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 2009. 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 consistently built up new contacts and fostered existing contacts in 2009. 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 - 72 61 18 - 171
Fax: +49 (0)30 - 72 61 18 - 800
e-mail: ir@betasystems.com

Shareholder Structure (as per December 31, 2009)



Beta Systems' Financial Calendar 2010

March 29, 2010
Publication of the 2009 Annual Results
Online Financial Results Press Conference, Berlin

April 29, 2010
Press Release – Three Months' Statement 2010

May 4, 2010
Publication – Three Months' Statement 2010

June 22, 2010
Annual General Meeting, Ludwig Erhard Haus, Berlin

July 29, 2010
Press Release – Six Months' Statement 2010

August 3, 2010
Publication – Six Months' Statement 2010

October 28, 2010
Press Release – Nine Months' Statement 2010

November 2, 2010
Publication – Nine Months' Statement 2010

November 2010
Analyst/Investor Conference and European Investor Road Show

ANNUAL CORPORATE COVERNANCE STATEMENT AND CORPORATE GOVERNANCE REPORT

Beta Systems has always placed great importance on responsible and transparent management. Since the introduction of the German Corporate Governance Code (GCGC), which has established standards for value-oriented and transparent management and monitoring of the company, Beta Systems, has espoused the suggestions and the recommendations of the Code in its current version dated June 18, 2009, apart from a few exceptions. In this Corporate Governance Statement the Management and Supervisory Boards of Beta Systems Software AG report on the corporate governance in accordance with Code Item 3.10 of the GCGC and with Section 289a para. 1 of the German Commercial Code (HGB) in this statement.

Information on Corporate Governance at Beta Systems

Documents pertaining to Corporate Governance, specifically the Articles of Association of Beta Systems Software AG, the current declaration of conformity and those of the previous years as well as this Corporate Governance Statement respectively this Corporate Governance Report are easily accessible on the website of the Company at www.betasystems.com under the Investor Relations/Corporate Governance heading.

Furthermore, the shareholders are regularly informed in good time about the dates set for major recurrent events and publications in the financial calendar which is made permanently accessible on the website of the Company under the Investor Relations/Financial Calendar heading and published in the Annual Report.

Beta Systems informs participants in the capital market and the interested public regularly, without delay and promptly about the financial position of the Group and new developments. The annual report, the half-yearly financial report and the quarterly financial reports are published within the framework of the given deadlines. Information about current events and new developments is published in the form of press releases and, whenever appropriate, ad-hoc releases. All information is available promptly in German and English and published on the Internet. In addition, the website under www.betasystems.com provides extensive information on the Beta Systems Group, its products and solutions and the Beta Systems share.

Shareholders and Annual General Meeting of Shareholders

The shareholders of Beta Systems Software AG exercise their rights of codetermination and control at the Annual General Meeting of Shareholders which takes place at least once a year. The Meeting takes decisions on all matters defined under the law with binding effect on all shareholders and the Company. In the voting process, each share confers the right to one vote. All shareholders who have registered within the deadline are entitled to participate in the Annual General Meeting. Shareholders who are unable to take part personally in the Meeting have the option of having their voting rights exercised by a bank, an association of shareholders, a proxy appointed by Beta Systems Software AG who is bound to instructions issued or another proxy of their choice.

The reports and documentation required by law for the Annual General Meeting of Shareholders, including the agenda and the Consolidated and Separate Annual Financial Statements were published on the website at www.betasystems.com under the Investor Relations/Annual General Meeting of Shareholders 2009 heading.

The invitation to the Annual General Meeting of Shareholders and the reports and information necessary for passing resolutions were published in accordance with the provisions set out under the German Stock Corporation Act (AktG) and were also made available on the website of Beta Systems Software AG.

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

Contact
Arne Baßler
Compliance Officer
Tel.: +49 (0)30 - 72 61 18 - 170
Fax: +49 (0)30 - 72 61 18 - 881
e-mail: complianceoffice@betasystems.com

Declaration of Conformity and reporting on Corporate Governance

It is mandatory for German companies to apply the provisions prescribed by law. In respect of the recommendations, Section 161 of the German Stock Corporation Act (AktG) requires listed companies to make an annual declaration on the extent to which each individual company complies with the German Corporate Governance Code and where they diverge from it. This also includes a description of any divergences from the recommendations of the Code.

On December 3, 2009, the Management Board and Supervisory Board of Beta Systems Software AG jointly issued an updated 2009 Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act (AktG).

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)

The Management Board and Supervisory Board of Beta Systems Software AG submitted the last Declaration of Conformity in accordance with Section 161 AktG on December 5, 2008. This Declaration of Conformity was published on the internet and in the 2008 Annual Report.

The Declaration set out below applies to the recommendations of the German Corporate Governance Code (»GCGC«) in the version dated June 6, 2008, published in the electronic German Federal Gazette on August 8, 2008 (»2008 Version«) for the period from December 6, 2008 to August 4, 2009. As from August 5, 2009 onwards, the Declaration set out below applies to recommendations of the Code in the version dated June 18, 2009, published in the electronic German Federal Gazette on August 5, 2009 (»2009 Version«).

That said, the Management Board and the Supervisory Board of Beta Systems Software AG declare that the recommendations of the German Commission of the German Corporate Governance Code have been complied with since the last Declaration of Conformity dated December 5, 2008, with the deviations cited therein and those set out below.

Beta Systems Software AG will comply with the recommendations of the German Corporate Governance Code of the German Government Commission in the future as well, with the following deviations:

- **Code Item 2.3.2 – Relaying of the convening of the General Meeting of Shareholders and convention documents by electronic channels:**

The Code recommends that companies should send notification of the convening of the Annual General Meeting of Shareholders, together with convention documents, to all domestic and foreign financial service providers, shareholders and associations of shareholders by electronic means if the approval requirements are fulfilled. The Company does not comply with this recommendation because the necessary approval requirements (as laid down in the Articles of Association) do not exist. Since owing to the nature of the bearer shares, the Company does not know its domestic and foreign financial service providers, shareholders and the associations of shareholders, and since it is currently not possible to ensure that the majority of these parties can be reached via electronic channels, the Company waives the option of electronic dispatch.

- **Code Item 3.8 – Deductible in D&O insurance policies:**

Contrary to the former recommendation laid down in the »2008 Version« of the Code that the 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 would 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. In Item 3.8 of the »2009 Version« of the Code the recommendation of agreeing a deductible is only applicable to the D&O policy for Supervisory Board members whereas the deductible in concluding a D&O policy for Management Board members is now mandatory under the law. For the reasons cited above, Beta Systems will not be including a deductible for Supervisory Board members in future either. In contrast, the existing and current policy pertaining to the Management Board will be changed in good time owing to the amendment of Section 93 German Stock Corporation Act (AktG) in the new version and in accordance with the deadline which expires on June 30, 2010. From this time onwards, it will include a deductible for the Management Board.

- **Code Item 4.2.3 – Compensation of the Management Board:**

The Management Board of Beta Systems Software AG receives fixed and variable compensation. At present, the General Meeting of Shareholders has not authorized a Management Board compensation program that includes components 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.

The Board member contract of the only member of Beta Systems Software AG's Management Board does not currently provide for a severance payment cap. The reason for this lies in the restriction of the Board member contract to three years. In view of this short term, an additional agreement on avoiding inappropriate severance payment is not necessary. Moreover, agreeing such severance payment caps and, if necessary, any enforcement at a later date, may cause legal problems. The fundamental idea of the recommendation is, however, taken account of as, in the event of premature mutual cancellation of a Board member contract, a severance payment provision has been agreed with the respective Board member which reflects the principle of appropriateness.

- **Code Item 5.1.2 – Composition of the Management Board:**

The Management Board of Beta Systems Software AG is currently comprised of one member. Accordingly, the new Code recommendation in respect of the composition of the Management Board (diversity) cannot be applied.

- **Code Item 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 (Code Item 5.4.1) 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 (Code Item 5.1.2) 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 issues relating to accounting and auditing, risk management and compliance, the necessary independence required of the external auditor, the issuing of the audit mandate to the auditor, the defining of key audit areas and agreeing the auditor's fee.

- **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 elections.

- **Code Item 5.4.6 – Compensation of the Supervisory Board:**

In Item 5.4.6 the Code recommends that Supervisory Board members receive performance-related compensation alongside fixed compensation. The Supervisory Board members of Beta Systems Software AG, by contrast, receive compensation only in the form of fixed remuneration. Beta Systems Software AG has diverged from this recommendation as it does not currently deem it expedient.

Moreover, Beta Systems Software AG does not at present consider performance-related compensation to be a suitable tool for supporting the Supervisory Board in its tasks as an auditing and control committee. Membership and chairmanship of the Personnel Committee is also not subject to specific compensation.

Berlin, December 3, 2009

Sebastian Leser
Chairman of the Supervisory Board

Gernot Sagl
Member of the
Management Board

Working methods of the Management Board and the Supervisory Board

A fundamental principle under German corporate law is the dual system of management by the executive bodies of the Management Board and the Supervisory Board, each of which is endowed with its own set of competences. The Management Board and the Supervisory Board work closely together on a basis of trust in the supervision and control of the Company and for its benefit. 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. The Supervisory Board advises and oversees the Management Board in its management of the Company. It is involved in strategy and planning as well as in all issues of fundamental significance for the Company. Moreover, the Supervisory Board gives its approval to important transactions requiring approval. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, chairs its meetings and represents its concerns externally. An extraordinary meeting of the Supervisory Board may convened, if appropriate, when events of particular relevance occur. The Supervisory Board has laid down bylaws regulating its work.

Up until July 18, 2009, the Management Board was made up of two persons and had a Chairman. Mr. Kaymar Niroumand, former Chairman and Chief Executive Officer, was relieved of his duties for an important reason by way of resolution dated July 18, 2009, passed by the Supervisory Board (see the Report of the Supervisory Board of Beta Systems Software AG for the fiscal year 2009). Since this time, Mr. Gernot Sagl has headed up the company as the only member of the Management Board.

A set of bylaws regulates the work of the Management Board, in particular the assignment of tasks, and comprises special regulations for cooperation between Management Board members when there are more than one. More information on the working methods of the Management Board and the Supervisory Board can be found in the Report of the Supervisory Board of Beta Systems Software AG for the fiscal year 2009.

Composition of the Supervisory Board

In accordance with the Articles of Association, the Supervisory Board of Beta Systems Software AG is made up of six members. Of these members, four are elected by the Annual General Meeting of Shareholders. In accordance with Section 4 para. 1 of the German One-Third Participation Act (DrittelbG), two Supervisory Board members are employees' representatives elected by the workforce. Members are elected for the period until the end of the Annual General Meeting of Shareholders which decides on ratifying the actions of the Supervisory Board for the fourth fiscal year after the start of their term of office, not counting the fiscal year in which the term of office begins. The terms of office of the Supervisory Board members end with the regular Annual General Meeting of Shareholders in 2010. In as much as successors were elected before the expiry of the terms of office of retired members, the respective election was made pursuant to Article 7 para. 2 of the Articles of Association for the remaining period of office of the retired member.

In proposals for the election of members to the Supervisory Board attention is paid to the requisite knowledge, abilities and expert experience required for undertaking the respective tasks, as well as diversity in the composition of the Board. Former Management Board members of Beta Systems Software AG are not represented on the Supervisory Board. A sufficient number of independent members who do not have any business or personal relationship with the Company or with its Management Board belong to the Supervisory Board.

Committees of the Supervisory Board

The Supervisory Board of Beta Systems Software AG has formed a Personnel Committee and a Business Committee which are made up of its own members. As described in the Declaration of Conformity of December 3, 2009, there is currently 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.

More information on the committees of the Supervisory Board can be found in the Report of the Supervisory Board of Beta Systems Software AG for the fiscal year 2009.

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 under Article 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 performance of the Company. Detailed information, including an itemization of remuneration, can be found in the Remuneration Report in the Combined Management Report on the Group and on the Parent Company 2009 of Beta Systems Software AG. As per December 31, 2009, there were no option rights and no valid option rights programs so that 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.

Responsible risk management

Good corporate governance also entails a responsible management by the Company of risks. The Management Board of Beta Systems Software AG and the management of the Beta Systems Group have extensive, groupwide and company-specific reporting and control systems at their disposal which enable the recording, assessment and control of these risks. Systematic risk management ensures that any risks are detected at an early stage and assessed. The risk management system of Beta Systems is developed on an ongoing basis and is adjusted to changes in business conditions. The early warning system for risks will be audited by the independent auditor. The Management Board reports regularly to the Supervisory Board on the risks and their development. The Supervisory Board concerns itself in particular with monitoring the accounting process, including reporting, the effectiveness of the internal control system, of risk management and of the internal audit system, of compliance as well as of the annual financial statements audit.

Detailed information on risk management can be found in the Risk and Opportunities Report of the Combined Management Report on the Group and on the Parent Company 2009 of Beta Systems Software AG. This section also comprises the report on the accounting-related internal control and risk management system required under the German Accounting Law Modernization Act (BilMoG).

The monitoring and observance of compliance guidelines was also an integral part of risk management in the fiscal year 2009. 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 them 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. No transactions were reported to Beta Systems Software AG in the fiscal year 2009 (Beta Systems share; financial instrument: ISIN DE0005224406).

As soon as they are carried out, all transactions are disclosed on the website of the Company at www.betasystems.com under the Investor Relations/ Corporate Governance/Directors' Dealings section. Directors' shareholdings as per December 31, 2009, are as follows:

As per Dezember 31, 2009	Number of shares
Management Board	
Kamyar Niroumand[1]	134,377
Niroumand family[1]	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

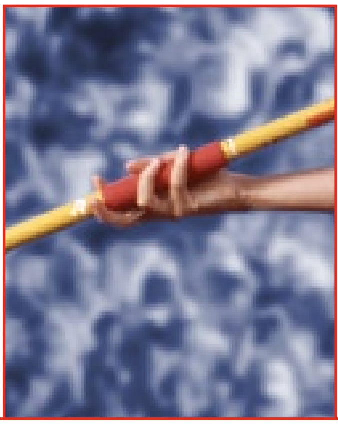
[1] On 18 July 2009, the Supervisory Board of Beta Systems Software AG relieved Mr. Kamyar Niroumand of his duties as Chief Executive Officer of the Company. For this reason, information on the Director's Holdings of Mr. Niroumand pertain to this date.

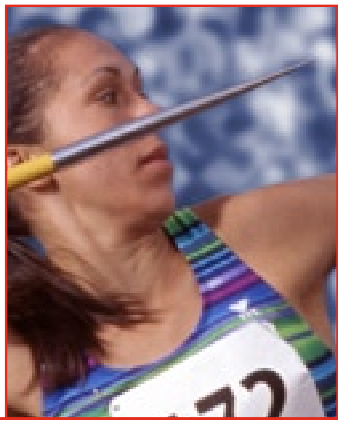
Accounting and audit of the Annual Financial Statements

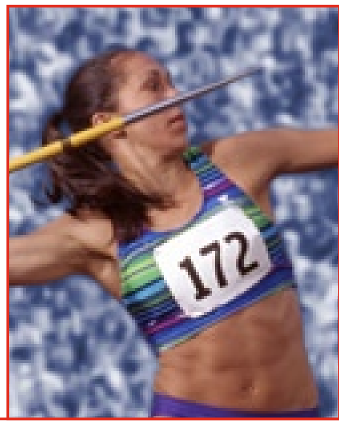
Beta Systems Software AG draws up its consolidated financial statements and its interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as applicable within the European Union. The annual financial statements of Beta Systems Software AG are drawn up in accordance with the German Commercial Code (HGB). The consolidated financial statements are prepared by the Management Board and examined by the external auditor and the Supervisory Board. The quarterly financial reports and the half-yearly financial report are discussed by the Supervisory Board with the Management Board prior to being released.

The consolidated annual financial statements and the separate annual financial statement of Beta Systems Software AG are audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, the external auditor appointed by the Annual General Meeting of Shareholders in 2009. The audit is carried out in accordance with German auditing regulations and in observance of the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. The audit scope included also the early warning system for risks in accordance with Section 91 para. 2 of the German Stock Corporation Act (AktG) and compliance with the reporting duties on Corporate Governance under Section 161 German Stock Corporation Act (AktG).

Moreover, a contractual agreement was made with the external auditor that the Supervisory Board would be informed without delay about any grounds for bias or disqualification as well as about major findings and occurrences which may come to light during the audit. There was no occasion for this in the context of the audit carried out for the fiscal year 2009.







COMBINED MANAGEMENT REPORT ON THE GROUP AND ON THE PARENT COMPANY FOR THE FISCAL YEAR 2009

FOREWORD

Beta Systems Software AG has drawn up this Combined Management Report on the Group and the Parent Company as at December 31, 2009. It is to be read in conjunction with the Consolidated and separate Financial Statements. 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 the core of the groupwide development, sales, service and marketing network. For this reason, the report on Beta Systems Software AG has been combined with the report on the Beta Systems Group. All information applies to the Group unless clearly attributed to the Parent Company.

If otherwise not indicated, all information in the tables is denominated in thousands of euros (k€).

The Consolidated Financial Statements as at December 31, 2009, 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 bulk data, 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 (Headquarters), Cologne, Augsburg and Calgary. A total of 20 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).

The Infrastructure Division (DCI and IdM Lines of Business (LoBs)) combines the strengths of Beta Systems into four extensive product suites for efficient IT processes. The division's focus is on solutions in job and output management as well as in the high-growth markets of security and compliance. Beta Systems products ensure that IT processes in high-performance IT environments are cost effectively and securely monitored across all operations.

In its ECM Solutions Division, Beta Systems has positioned itself in selected sectors and is building 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. Beta Systems concentrates first and foremost on providing solutions customized for the sectors of banking and insurance. Beyond this, it sees additional potential growth in the technical support of global population censuses through its flexible, highly scalable modular system with extensive options for integration across all process levels.

Strategic guidelines

Beta Systems' intention is to consistently raise its 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 the Infrastructure Division) and the more project-oriented ECM business line (under umbrella term of ECM Solutions Division). For this reason, the Company will retain its fundamental line-of-business strategies established in past years.

The primary objective is to gradually raise revenue levels eroded by the global financial and economic crisis while, at the same time, building more flexibility into the cost base and adjusting it in order to secure positive results and margins in the long term. Specifically, the strategies of the lines of business have their own goals in respect of product innovations and external additions to the portfolio (through acquisitions, for instance) in the infrastructure business, or through the spin-off of the ECM business to form an independent subsidiary in ECM solutions, to achieve the greatest scope for the selection of suitable options.

Third positive annual result in a row despite the decline in revenues

Having reached breakeven in 2007 and after posting a record profit in the fiscal year 2008, Beta Systems Software AG disclosed a positive consolidated profit for the third year in a row in 2009. In the fiscal year ended, consolidated profit fell markedly short of the 2008 result but nonetheless delivers proof of the business model's stability in that Beta Systems is also able to operate at a profit even if it is called upon to absorb a crisis-induced decline in revenues. A critical factor here was the good performance of the infrastructure business (DCI/IdM LoBs) which succeeded in maintaining and raising its high-margin license and maintenance revenue again through the targeted acquisition of products and portfolio streamlining carried out in recent years. The successful market launch of its own innovations and the development of new product generations also contributed to this success.

By contrast, the ECM business (ECM LoB) was hard hit by the significant downturn in revenues and new orders. The impact on the result was effectively cushioned by reducing costs which enabled the LoB to deliver another positive result.

Stringent cost management

Beta Systems' intention is to continue to operate profitably in all its business segments so as to be able to deliver positive results within the Group in the years ahead as well. To this end, the Company consistently pursues its stringent cost management under which its cost base is to be rigorously adjusted to the respective demand conditions through in-built flexibility and targeted savings measures within the Group.

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

Innovation, portfolio streamlining and cross selling in the infrastructure business

In addition, Beta Systems plans to achieve sustainable growth in profit by concentrating on the infrastructure and solutions business. Although the crisis in the financial markets had an impact on certain areas of the infrastructure business in 2009, this did not prevent revenues from improving in certain areas, particularly in the IdM LoB. This development was supported by the acquisition of smaller companies and of products.

Beta Systems is positioning itself to serve a wide variety of sectors in the infrastructure business and intends to sell its products directly to the IT departments of large corporations. The Company aims to optimize this division's portfolio through the targeted acquisition of small, profitable companies. Activities will continue to focus on successfully marketing and selling newly acquired product suites. This is an area where Beta Systems believes there is an additional high potential for demand. Furthermore, the company assumes that the demand for infrastructure software will continue to rise, driven by the pressure exerted on customers from costs and compliance.

The DCI LoB underwent extensive restructuring in 2009 to take best possible account of changed conditions in the market. To enable a consistently innovative and customer-oriented product development a series of structures were fundamentally changed, in cooperation with the workforce. Position newly introduced in this process included so-called software architects, who act as an interface between product management and development, and a special project management team for the support of strategically significant projects carried out for major customers. From 2010 onwards, a specialized team made up of experienced consultants with in-depth knowledge of IT security and compliance will be working for our customers. An additional measure was to strengthen partner management. Central customer support was streamlined and centralized in the newly founded Center of Competence at our Neustadt location.

As one of the first results, a new and extended price and product structure was introduced as part of the so-called »Product Evolution Process« (PEP for short) at the beginning of 2010. The model, developed as a pilot project, offers a customer-oriented solution for the changing IT market and, among other things, is based on the regular launching of new product generations with additional functions in the market. Back in 2009, Beta Systems initiated the development of the new Agility product generation which is designed to deliver solutions that are more strongly geared to the customer in a constantly evolving IT market. For instance, new product generations with greater functionalities are being developed for the classical DCI core products. These products ensure that the Company will be in a position to fully satisfy market requirements for web orientation, security, investment protection and compliance in the future as well.

For Beta Systems, having a product portfolio which offers efficient, cutting-edge software solutions is of critical strategic importance to its capability of fully satisfying customer requirements. To ensure this capability, while maintaining its high standards, Beta Systems invests in new product generations and in extending its portfolio through acquisitions. Another step is to market and distribute Beta Systems' products increasingly through cross selling activities.

The technology transfer between Beta Systems and Proginet served to raise the customer potential in Europe and North America in the year ended. This measure lent support to cross selling activities in these regions, and the first competitors have already been crowded out. For instance, Proginet's CyberFusion Integration Suite (CFI), which is directed at companies of all sizes and supports them in working more efficiently and ensuring optimal protection for customer data, was sold for the first time in the United Kingdom in 2009.

The integration of the DETEC companies also resulted in new market shares being won and expanded Beta Systems' customer base by adding around 400 new mid-sized customers. This new customer potential was primarily tapped by addressing larger mid-sized Unix data centers. The product portfolio was extended by adding LaserSoft/DoXite products developed by DETEC in the area of formatting graphical documents from data, texts and layouts for mainframes and Unix platforms. The cross selling activities with SI Software Innovation GmbH, a company integrated into the DCI/IdM LoB in 2008, were also very successful in 2009. Both holdings of the Group raised their revenues and profit.

Beta Systems will continue to pursue this strategy in future as well: At the start of 2010, the Company made a strategic investment in the future-oriented Identity Access Management portfolio by taking over the rights of rolmine, a product belonging to ipg AG. Also at the beginning of 2010, Beta Systems added to its process automation product range by acquiring the global distribution rights to APX/PCC, a scheduling product of APM-Software GmbH.

The year 2009 in particular saw great demand in the banking sector for Beta Systems products from the areas of identity management and compliance (IdM LoB). The resulting high level of revenues generated from software licenses made a substantial contribution to the LoB's good result. A clearly positive EBIT was achieved despite investment in new product generations and in extending the portfolio. This included the presentation of the updated version of the SAM Enterprise Identity Manager at the end of 2009. The new SAM generation combines a company's existing business processes and the underlying organizational workflows with Identity Access Management (IAM) in enterprises.

Focus and cost adjustments in the ECM Solutions Division

In the ECM Solutions Division, by contrast, there was a distinct reticence of banks and insurance companies as major customers to make large investments in IT and IT projects against the background of the crisis in the financial markets. This resulted in none of the major orders under negotiation and typical to the ECM solutions business being signed, despite intensive efforts. Along with postponements, negotiations were also hallmarked by extreme pressure exerted on prices.

As a market leader in the German-speaking countries, Beta Systems continues to focus on replacing the EBS 2000 voucher processing system with the FrontCollect Payment system for international use (including SEPA and ISE). Since the end of 2008, Beta Systems has supplemented its document management offering through the integration of EMC's Documentum products into its Beta Agilizer 4DocumentProcessing (A4Doc) as part of the 4Agility Suite, in order to add new functionalities in the areas of business process management and archiving.

In the wake of persistently weak order intake in the ECM Solutions Division, which had already resulted in substantial decline in revenues and profit by the end of the first nine months of 2009, a package of measures focusing on short-term cost savings and the solutions business were approved. To achieve the greatest scope in the selection of suitable options, the ECM LoB was hived off in organizational terms and under company law and set up as an independent subsidiary.

In future, emphasis will be placed on reducing costs and adjusting the organization structure. The first step was taken at the start of the year 2010 in the Company's Augsburg location where short-time work was introduced to cushion the effects in the short term of persistently weak demand. Beta Systems sees upside potential in this segment in 2010 inherent in the successful signing of contracts postponed in the fiscal year ended as well as in ongoing internationalization and the planned entry into the BPO business.

Groupwide reinforcing of customer and service orientation

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 companies, such as banks and insurance companies 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. 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 currently difficult economic situation presents opportunities for the products and solutions of Beta Systems. As far as our customers are concerned, the crisis has had the effect of accelerating the consolidation process in the financial services sector and, at the same time, has put increasing pressure on the sector to cut costs. These processes give rise to a demand for software which can support efforts focused on adjusting business processes, IT systems and organizations, also in the context of consolidation.

Moreover, Beta Systems regards the ongoing process of concentration in the European economy as opportunity of winning major enterprises as customers and of offering them new and/or extended licenses. 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 the portfolio through cooperations

The solutions of the Beta Systems Group are primarily integrated into the IT platforms of 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 and IBM Websphere, among others. 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 manufacturers.

Geographical expansion

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 2009, for instance, the share of business in Germany, Austria and Switzerland in the total revenues of the Beta Systems Group came to over 60% and in the rest of Europe to more than 28%. The Company intends to concentrate its cross selling activities to existing customers in Europe as this region offers good growth prospects owing to its sound market position with related potential for expansion. Besides this, the Beta Systems Group has plans to reinforce its DCI/IdM LoBs in North America, especially in the USA, as well as in South America, and to ensure its sustainable profitability. The ECM Solutions Division will continue to concentrate on building up its international business in Eastern Europe and Africa.

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 39 countries. A major influence on Beta Systems' markets 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. The global gross domestic product (GDP) contracted by 2.1% in 2009 (estimate of IHS Global Insight). The Kiel Institute for the World Economy believes that a global economic recovery is taking place but at a very low level. It states that the global economy has been expanding since the spring of 2009 and is likely to recover from the severe recession in the next two years.

In 2009, Germany experienced the worst recession ever in the post-war period. The German economy shrank for the first time in six years in 2009. Price-adjusted GDP fell by 5.0%, which is the sharpest decline ever seen in the post-war period (DESTATIS press release dated February 12, 2010). In 2009, GDP fell by 4.1% in the eurozone and by 2.4% in the USA as against the previous year (Eurostat press release dated March 4, 2010).

The Centre for European Economic Research (ZEW) expects that the German economy will start a slow recovery in January 2010 which will hold steady at a low level over the next six months. There was, however, no talk of an upswing. In February as well, the ZEW was still anticipating a slow economic recovery. By contrast, expectations of economic recovery in the eurozone fell in January and February 2010 in a month-on-month comparison. The Kiel Institute for the World Economy considers Germany to be in an upswing following the collapse triggered by the crisis in the financial markets but anticipates that there will be no strong momentum for the time being. In its opinion, the financial crisis has not yet been overcome despite progress made. It predicts that pace of growth in many countries will be slower in the foreseeable future than before the crisis, which will mean that Germany will receive little stimulus from abroad. Economic recovery in Germany will therefore also steer more of a moderate course. By contrast, a positive signal in the opinion of the Kiel Institute is that the situation on the German labor market will not deteriorate to the same degree as in other countries owing to the labor market reforms implemented in recent years. A positive outlook is that domestic demand is set to rise as private consumption expenditure has expanded. This has been supported by the relief of the tax burden on private households. The Kiel Institute predicts a GDP growth of 1.2% in Germany (2011: 2.0%), of 0.8% in the eurozone (2011: 1.6%), and of 2.0% in the USA (2011: 2.2%).

The economic and financial crisis also caused sales to slump in the ITC (information technology and telecommunications) industry but not as severely as in other sectors. According to the German industry association BITKOM, the ITC sector's outlook in 2010 is even a positive one as most ITC companies are anticipating growth: 57% of companies are counting on sales rising by 17% against the backdrop of stable business in 2010. The economic crisis has been overcome for the most part, and the trend of the economy as a whole will also benefit this industry. The outlook at the end of 2009 was in any case better than a year ago. Market data published by BITKOM in October 2009 anticipates annual revenues of € 142.1 billion in the industries of ITC and digital CE (consumer electronics) in Germany in 2010. Of this amount, € 14.6 billion would be accounted for by software and € 33.8 billion by IT services.

According to ZEW and Germany's Creditreform, the economic environment in the service provider industries supplying information companies was brightening at the start of 2010. Although the economic situation of software companies had improved considerably by the fourth quarter of 2009, there was currently somewhat a damper on the sentiment of ITC service providers as opposed to knowledge-intensive service providers who can look to the future with optimism.

The European Information Technology Observatory (EITO) assumes that the ITC market will stabilize for the most part throughout Europe in 2010. Revenues generated by products and services of the information technology, telecommunications and consumer electronics industries in the EU are set to fall by 0.5% to around € 714 billion. In contrast, according to EITO, the IT market (hardware, software, services) in the EU countries will grow by another 0.6% and exceed the € 300 billion threshold.

IDC analysts predict a growth rate of 3.2% in global IT expenses in 2010 on the back of the economic upswing. This would bring the industry with a market volume of around US$ 1.5 trillion to the level of 2008 again. Standard software would have a market share of 21%, services of 41% and hardware of 38%, and would be poised to grow again in 2010: Standard software (+3.6%), services (+2.7%) and hardware (+3.6%). According to the IDC, only the markets for standard software (+2.1%) and services (+1.6%) will expand in Western Europe in 2010. The overall volume of the IT market in Western Europe comes to around US$ 455 billion of which 20.7% is attributable to standard software, 49.7% to services and 29.5% to hardware.

Large software companies were again releasing positive guidance for 2010 and assuming increases in revenues and profits in 2010. In 2009, the majority of these companies did not release any guidance at all owing to the economic situation.

Beta Systems Software AG ranks among Germany's leading mid-sized standard software companies. According to the IDC, more money was invested worldwide in standard software in 2009 (US$ 304.8 billion) than in 2008 (US$ 300.1 billion). Growth has been estimated at US$ 316.5 billion in 2010. In 2009, investments in standard software in Western Europe as well climbed to US$ 92.6 billion (2008: US$ 90.4 billion), and the IDC expects this figure to rise to US$ 96.0 billion in 2010.

BITKOM identifies cloud computing and IT security, among others, as the most important IT trends in 2010. The issue of IT outsourcing is also currently an important one. Beta Systems is already actively working on these topics which involve technologies that raise efficiency and performance in times of an economic downturn.

Gartner anticipates global revenues of US$ 14.5 billion (+8%) in the global market for IT security. Analysts expect growth in the region of US$ 16.3 billion (+13%) in 2010. In their opinion, the European market for security software will attain a volume of € 3.2 billion (+7%). The Experton Group has estimated growth in the German IT security market at just under 6% (5.1% of products, 6.4% for services) in 2009. In 2010, the Group puts growth at € 4.4 billion (2009: € 4.1 billion). Beta Systems optimized the security part of its product portfolio through the technology transfer with the US company Proginet in 2008.

The following market data gathered through surveys conducted by IDC in 2007 and 2008 give a first overview of the potential impact of the financial markets crisis on the IT market. As, however, the global economic situation has been subject to constant change in the following months and no update on market data is available from IDC, information on growth, the growth data indicated must be seen in the context of the risks and opportunities described in Risk and Opportunities Report.

In the UNIX environment, 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.
The market for compliance software is also likely 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 focusing 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 as well as 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

All in all, the general economic situation has had a negative impact on our business. The Group closed the fiscal year 2009 with a consolidated net income of € 1.2 million, and the Company delivered a net income of € 0.5 million.

3.1. Acquisition of the DETEC Companies

Beta Systems Software AG announced on December 22, 2008, that, with effect from January 1, 2009, it had assumed economic control over DETEC Decision Technology Software GmbH and DSP DETEC Software Products GmbH, both companies based in Ruesselsheim, and that it would include these companies in the group of consolidated companies as 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 were managed as independent entities in the fiscal year 2009.
The DETEC portfolio comprises products which produce optically high-quality and aesthetic documents through the formatting of output data in the output management business. Through this strategic investment, Beta Systems Software AG has supplemented its product portfolio for data centers which now forms a complete process chain, from the generating through to the distribution of documents.
The products and the employees involved in their development, sale and distribution and service were managed independently in the individual legal entities and assigned in organizational terms to the DCI/IdM Division. Harald Podzuweit, General Manager of Beta Systems' Data Center Infrastructure (DCI), assumed responsibility for management. The acquisition was funded from the Company's own funds and borrowing.

3.2. Spin-off of Beta Systems ECM Solutions GmbH

At the extraordinary Meeting of the Shareholders of Beta Systems Software AG, which took place on December 16, 2009 in Berlin, the Company's shareholders approved the draft of the spin-off and Takeover Agreement between Beta Systems Software AG as the transferring legal entity and ECM Solutions GmbH (now: Beta Systems ECM Solutions GmbH) as the absorbing legal entity with a majority of 94.02%. Following the approval by the Meeting of Shareholders of Beta Systems ECM Solutions GmbH on February 22, 2010, and after having become effective through entry into the Commercial Register of the District Court of Charlottenburg, Berlin, on March 1, 2010, the spin-off of the ECM solutions business was completed with economic effect as of January 1, 1010.

Since becoming effective, the spin-off of the separable ECM business of Beta Systems – now Beta Systems ECM Solutions GmbH – took over the development, marketing and sales, as well as support of customers and suppliers, for the products and services in the document processing business as an independent company belonging to the Beta Systems Group. Legal autonomy will enable the ECM business to concentrate more fully than before on its own, very specific major project and solutions business in the banking and insurance environments. The aim is to exploit the growth and development opportunities in the respective market segments to an even greater extent than before.
Moreover, the organizational legal autonomy now implemented will raise the transparency of the performance in the businesses and, after the necessary establishing of a new strategic direction, will enable the corresponding values to be realized at a given point in time in a legally autonomous entity. The envisaged extending of the product and services portfolio as part of the ECM corporate strategy through, for instance, taking over new tasks from the customer, is easier to implement in a separate legal entity. In the field of document processing, for example, consideration is being given to offering ECM customers incoming mail processing for large volumes of documents (business process outsourcing (BPO)). Along with the building up of our own capacities, strategic options also under consideration cover the whole range, from mergers and acquisitions measures (mergers, business combinations, purchase and/or sale of parts of a company, participations), setting up of new operating units, joint ventures or a similar measures. An important prerequisite is the spin-off of Beta Systems ECM Solutions GmbH which has now been completed.

3.3. 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).

Operating segments Q1 – Q4/2008	DCI	IdM	ECM	Clearing	Total
Revenues with customers	40,468	9,302	40,669	0	90,439
...Intersegment revenues	68	26	0	(94)	0
Total revenues	**40,536**	**9,328**	**40,669**	**(94)**	**90,439**
Cost of revenues and operating expenses of the operating segments	(19,348)	(8,955)	(33,522)	0	(61,825)
Segment income (loss) for the year	**21,188**	**373**	**7,147**	**(94)**	**28,614**

Operating segments Q1 – Q4/2009	DCI	IdM	ECM	Clearing	Total
Revenues with customers	39,535	12,725	28,846	0	81,106
...Intersegment revenues	0	0	0	0	0
Total revenues	**39,535**	**12,725**	**28,846**	**0**	**81,106**
Cost of revenues and operating expenses of the operating segments	(22,147)	(9,860)	(27,535)	0	(59,542)
Segment income (loss) for the year	**17,388**	**2,865**	**1,311**	**0**	**21,564**

DCI (Data Center Infrastructure)

In line with budget, the DCI LoB with its high earnings strength made a positive contribution to profit and closed the fiscal year 2009 with revenues of € 39.5 million (2008: € 40.5 million) and an LoB result of € 17.4 million (2008: € 21.2 million). The LoB succeeded in maintaining a sales volume, primarily owing to the contribution of the DETEC companies acquisition (€ 4.6 million), despite the persistently difficult economic environment. Whereas revenues from software licenses remained at a relatively constant level, another increase was achieved in maintenance revenues. By contrast, service revenues fell slightly. The result of the DCI LoB declined by 17.9 % due to the higher cost of revenues. The DETEC companies contributed € 0.4 million to profit.

DCI revenues	2008	2009
Software licenses	18,367	17,780
Maintenance	18,683	19,145
Services	3,418	2,610
Intersegment revenues	68	0
Revenues	**40,536**	**39,535**

The DCI LoB is characterized by its stable earnings potential which resides in maintenance, add-on and replacement investments. In recent years, however, the LoB has operated in a generally stagnating market environment, as sales in this business are generated first and foremost from the mainframe business.
The process of concentration and consolidation (also in the banking sector) was again turned to the advantage of the Company in the license business through taking over from competitors or through add-ons installed in existing installations. Beta Systems stabilized revenues and reinforced its business by taking over the DETEC companies in the area of output management in the DCI LoB in 2009, as planned.
The DCI LoB was restructured in 2009 to adjust it optimally to requirements in the market. This measure affects areas close to the customer, such as product development, project management, pre- and after-sales consultancy and partners management as well as customer service. Beyond this, cooperation with the DCI and IdM LoBs was stepped up to release synergies.
In the year 2009 there were many software releases and updates of existing products. Moreover, 2010 will see the development of new product generations through which Beta Systems will do justice to its position in the market as an innovative company specialized in data center solutions. Despite the development of the new Agility product generation there was no increase in the research and development costs in the DCI LoB.

The focus of activities in the DCI LoB was also directed at positioning new solution packages with the customers. The integration (including the DETEC products, among others) and cross selling activities (also reciprocally with the products of SI GmbH) have resulted in new market shares for instance in the UNIX segment and in mid-sized data centers. Moreover, multi-year licenses and maintenance contracts were signed with a number of major domestic and international customers. The consultancy projects were focused on the migration from competitor products to Beta Systems products in 2009.
At the beginning of 2010, Beta Systems extended its process automation product range and workflow management in data centers by the strategic measure of acquiring the global distribution rights to APX/PCC, a scheduling product of Hamburg-based APM-Software GmbH.

In 2009, new contracts were signed in the DCI LoB with the following customers: T-Systems International (IT service provider, Germany), GaVI – Gesellschaft für angewandte Versicherungs-Informatik (IT service provider, Germany), Fortis Banque (financial services provider, Belgium), Global Value Service (IT service provider, Italy), SEB IT Service (Skandinavskia Enskilda Banken) (IT service provider, Sweden), LVM Landwirtschaftlicher Versicherungsverein Münster (financial services provider, Germany), CSC Computer Sciences (IT service provider, France), DEVK (financial services provider, Germany), IVV Informationsverarbeitung für Versicherungen GmbH (IT service provider, Germany), 3 Banken EDV (IT service provider, Austria), Bausparkasse Schwäbisch Hall AG (financial services provider, Germany), FIDUCIA IT (IT service provider, Germany), Allianz Shared Infrastructure Services (IT service provider, Germany), GAD eG (IT service provider, Germany) and Deutsche Rentenversicherung Knappschaft-Bahn-See (financial services provider, Germany).

IdM (Identity Management)

The IdM LoB made a distinct turnaround in 2009 through raising sales significantly by € 3.4 million to € 12.7 million (2008: € 9.3 million) and by delivering a profit of € 2.9 million which is seven times higher than in the previous year (2008: € 0.4 million). The LoB thus made a substantial contribution to positive consolidated profit. This performance also demonstrates that this LoB's portfolio comprises products in the areas of security and compliance which are in demand, especially in times of a crisis. Total revenues were lifted 36.4 % on the back of license revenues which soared by 69.1 %. The increase in service revenues also clearly show that these projects had been realized before the end of 2009.

IdM revenues	2008	2009
Software licenses	2,585	4,370
Hardware	0	129
Maintenance	3,537	4,286
Services	3,180	3,940
Intersegment revenues	26	0
Revenues	**9,328**	**12,725**

As described above in relation to the DCI LoB, the cooperation between the IdM and the DCI LoBs was stepped up in the year 2009 and aligned to meet the demands of the infrastructure business. The sales operations of the DCI LoB, together with joint activities geared towards customer needs, again resulted in a number of multi-license contracts being signed with key customers who now have long-term maintenance and service agreements.
Beta Systems developed new market and customer-oriented versions of the IdM products in 2009, partly within the LoB and partly through development teams working across different locations. The Company was thus able to present the current version of SAM Enterprise Identity Manager at the end of 2009. Although new product versions were developed, research and development expenses in the IdM LoB declined. Higher revenues from licenses in the IdM LoB delivered a clearly positive result for the LoB despite investments made in new product generations and additions to the portfolio.
In the fiscal year ended, the Company's own innovations included the successful technology transfer with Proginet, a company based in the USA, which has served to strengthen the security portfolio since 2008. In the wake of these measures to strengthen the portfolio, with the associated releasing of new customer potential in Europe and North America, cross selling activities were successfully carried out in 2009.

Sales successes in the IBM lob IdM LoB included contracts with Commerzbank AG (financial services provider, Germany), DnB NOR (Den norske Bank) (financial services provider, Norway), Credit Suisse (financial services provider, Switzerland), Fortis Banque (financial services provider, Belgium), AXA Technology Services Germany GmbH (IT service provider, Germany), Highmark Inc. (health insurance company, USA) Intesa Sanpaolo (financial services provider, Italy), DEVK (financial services provider, Germany), Bayerische Landesbank (financial services provider, Germany) and STX Finland Oy (ship building, Finland).

ECM (Enterprise Content Management)

By contrast, the global financial crisis, which had its roots in the banking sector, had a severe impact on the ECM LoB. The downturn in demand, already evident in the first half of 2009, combined with a lower level of new orders and a series of major orders either postponed or not awarded by companies in the banking and insurance industries, had not fundamentally improved to any notable extent by the end of the year, despite a few sales successes.

Customers in the ECM LoB were very reluctant to invest in new systems. Accordingly, Beta Systems was able to expand in its business with FrontCollect Payment, a new payment system which can be used internationally, in Africa and Austria, and FrontCollect Mailroom in Switzerland, but not to the extent originally planned. Moreover, the process of migration from EBS 2000 to FrontCollect Payment 2009 at a number of major customers continued which was not the case with all existing major customers where migration was neither completed as planned nor as commissioned. In the population census business, Beta Systems took part in a number of tenders in 2009 which has, however, not resulted in any orders to date. The start of the BPO business with the FrontCollect Insurance solution for insurance customers did not take place as planned in 2009 owing to delays in decision processes of potential customers and partners but is still a goal envisaged.

In the light of the aforementioned, revenues in 2009 declined significantly from € 40.7 million to € 28.8 million. In line with this development, segment results dropped sharply to € 1.3 million (2008: € 7.1 million) due to the fact that sales with software licenses and hardware were not realized. Maintenance revenues were stable at a low level and sales revenues went into decline owing to the lack of new orders. Hardware revenues, generated mainly through the sale of scanners, also declined sharply to € 3.0 million in 2009 (2008: € 6.2 million) owing to the lack of new system business. Initial measures to curb costs, particularly in respect of flexible working time models, and a decline in the cost of materials and of marketing and sales commission had a cushioning effect which mitigated the negative impact on the result but which was unable to compensate for the steep decline in earnings caused by the downturn in sales.

ECM revenues	2008	2009
Software licenses	8,228	3,279
Hardware	6,215	2,965
Maintenance	18,312	17,138
Services	7,914	5,464
Intersegment revenues	0	0
Revenues	**40,669**	**28,846**

In fiscal 2009, the ECM LoB concentrated its research and development activities on the market and customer-oriented development of the new versions of FrontCollect Suite and the timely implementation of customer requirements. Consequently, the research and development costs in the ECM LoB rose.

The following were among the customers of the ECM LoB in 2009: DZ Service (IT service provider, Germany), Finanz Informatik (IT service provider, Germany), National Planning Commission (public administration, Nigeria) and Volksbank Mittelhessen (financial services provider, Germany).

3.4. Chief Executive Officer relieved of his duties

Mr. Kamyar Niroumand, former Chief Executive Officer, was relieved of his duties for an important reason by way of resolution of July 18, 2009, passed by the Supervisory Board (see the Report of the Supervisory Board). Since this time, Mr. Gernot Sagl has headed up the Company as the only member of the Management Board.

3.5. 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 2009. These partnerships enable Beta Systems to offer its customers software solutions which are always up-to-date in state-of-the-art technology. The Company therefore has access to the development laboratories and test versions of the latest products before they are brought to the market.

The close cooperation with IBM was also documented in 2009 through the long-term renewal of our partner agreement. In addition, an agreement on the use of an IBM mainframe from the latest z10 generation was signed at the end of the year. Beta Systems Software AG is thus using absolute cutting-edge IBM mainframe technology in 2010.

Beta Systems has been an active member of SAP's new »Partneredge« program since 2009. The »Gold Certified« partnership with Microsoft was renewed, and the FrontCollect product certified for use with different Microsoft technologies.

In 2009, Beta Systems entered into a number of other partnerships: The IdM product portfolio, specifically user management, was extended to include technologically cutting-edge, role-based rights management through a cooperation with ipg AG (information process group AG).
A strategic partnership with isonet AG was agreed in mid-2009. The leading WorkflowXPert.NET technology was used for the first time in the IdM LoB to supplement the SAM product suite.
At the end of the year Beta Systems announced that Al-Falak Electronic Equipment & Supplies Co. in the Middle East had been appointed the new distributor of Beta Systems' software products. Al-Falak has taken over the marketing, sales and distribution of the business process-oriented output management and identity access management solutions of Beta Systems for end customers in the Kingdom of Saudi Arabia, the United Arab Emirates as well as in Bahrain, Quatar and Kuwait. The maintenance and support of the end customers will be carried out directly by Al-Falak.

4. FINANCIAL PERFORMANCE, ASSET AND FINANCIAL POSITION

4.1. Financial performance of the Beta Systems Group

In the fiscal year 2009, Beta Systems generated revenues of € 81.1 million (2008: € 90.4 million), earnings before interest and tax (EBIT) of € 1.4 million (2008: € 6.4 million) and net income for the year of € 1.2 million (2008: € 4.8 million).

Development of revenues

The decline in revenues of € 9.3 million as against the previous year (2008: € 90.4 million) is attributable to weak demand accompanied by low order intake from banks and insurance companies (ECM LoB). Maintenance revenues, which posted € 40.6 million, were kept at their high level (2008: € 40.5 million). Strengthened by recent acquisitions, maintenance revenues continue to be a stable mainstay of the business model. A explanation of the development of revenues by segment 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:

Revenues of the Group	2008	2009	Change in k€	Change in %
Software licenses	29,179	25,429	(3,750)	(12.85 %)
Hardware	6,215	3,094	(3,121)	(50.22 %)
Maintenance	40,533	40,569	36	0.09 %
Services	14,512	12,014	(2,498)	(17.21 %)
Revenues	**90,439**	**81,106**	**(9,333)**	**(10.32 %)**

Development of gross profit

The cost of revenues declined to € 37.2 million in 2009 (2008: € 40.8 million) owing to the downturn in the new systems business as part of the ECM LoB (licenses, hardware and services).

In the period under review, gross profit fell by € 5.8 million, the equivalent of 11.6 %, to € 43.9 million. The gross profit margin stood at 54.1 % in 2009 (2008: 54.9 %).

Development of gross profit	2008	2009	Change in k€	Change in %
Revenues	90,439	81,106	(9,333)	(10.32 %)
Cost of revenues	40,769	37,222	(3,547)	(8.70 %)
Gross profit to sales	49,670	43,884	(5,786)	(11.65 %)
Gross profit margin	54.92 %	54.11 %		

Development of costs and expenses

Operating expenses fell to € 42.5 million in the reporting year (2008: € 43.2 million). This development resulted from a decline in selling expenses and general administrative expenses which were reduced despite the integration of the DETEC companies. Measured against revenues, operating expenses rose to 52.4 % (2008: 47.8 %).

Selling expenses decreased by € 0.9 million, which is 4.0 %, to € 21.6 million in 2009 (2008: € 22.5 million). The integration of the DETEC companies initially raised selling expenses in the DCI LoB by € 1.1 million (of which DETEC selling expenses: € 0.5 million). This absolute increase was, however, more than offset by savings in the IdM and ECM LoBs, mainly due to the lower volume of sales, as well as through cost cutting measures in the centralized departments of the Group. Selling expenses therefore declined substantially despite the higher numbers of employees from the acquisition of the DETEC companies (employees as per December 31 respectively: 2008: 365; 2009: 377).

General administrative expenses dropped to € 7.7 million (2008: € 7.9 million). Personnel expenses remained unchanged from the previous year's level in this area (employees as per December 31 respectively: 2008: 80 employees; 2009: 79 employees).

Despite the development of the new Agility product generation and the integration of the DETEC companies (€ 0.5 million), **research and development expenses** rose only marginally by € 0.2 million, which is 1.6 %, to € 14.0 million (2008: € 13.8 million). Personnel expenses climbed as against the level of the previous year owing to the DETEC acquisition (employees as per December 31 respectively: 2008: 177; 2009: 180).

Operating result/Earnings before interest and tax (EBIT)

In the reporting period, earnings before interest and tax (EBIT) declined to € 1.4 million (2008: € 6.4 million). In the wake of this development, EBITDA, which is EBIT plus depreciation and amortization, also fell sharply to € 4.9 million as against the previous year's figure (2008: € 10.3 million). Receivables management above all necessitated and still necessitates greater efforts against the backdrop of international business. The credit standing of existing customers has not deteriorated to any notable extent here but payment behavior is on the decline against the backdrop of the still tense economic situation.

Financial result

The **financial result** improved in 2009 owing to positive interest-related effects from accrued interest on non-current trade receivables.

Net result for the year and income taxes

Earnings before tax (EBT) declined considerably in 2009, by € 4.3 million to € 1.7 million (2008: € 6.0 million).

Income taxes came to € -0.5 million (2008: € -1.1 million), which is the equivalent of a tax rate of 26.7 % (2008: 19.3 %). A non-recurrent effect arising from an external audit was included in 2008.

After tax of € 0.5 million, **net income in the fiscal year 2009** stood at € 1.2 million (2008: € 4.8 million).

Earnings per share thus declined to € 0.09 (2008: € 0.36). The weighted average number of shares outstanding came to 13,168,304 shares in 2009.

Human resource development

The number of employees of the Beta Systems Group had risen to 648 by December 31, 2009 (2008: 633 employees). This figure includes 24 employees from the DETEC companies acquired at the start of 2009. Adjusted for this acquisition, employee numbers have fallen by 9 persons. The average number of employees in fiscal 2009 came to 652 (2008: 630 employees). At the end of the reporting period, the workforce by country was as follows: 524 employees in Germany (2008: 509), 40 employees in the rest of Europe, excluding Germany (2008: 41), 32 employees in North America (2008: 31), and 52 employees in other regions (2008: 52). Personnel expenses climbed by € 1.8 million, an increase of 4.2 %, to € 44.8 million, a effect spread across all operating units.

A proportion of 58.2 % of the workforce (377 employees) are engaged in sales, marketing and services, 27.8 % in research and development (180 employees),12.2 % in administration (79 employees) and 1.8 % (12 employees) in production and materials management.

4.2. Asset and financial position of the Beta Systems Group

The balance sheet total climbed to € 77.0 million (2008: € 71.0 million). A closer look at the balance sheet and the cash flow shows the following development:

On December 31, 2009, Beta Systems disclosed cash in an amount of € 2.0 million (2008: € 1.8 million).). Net cash from operating activities declined to € -3.1 million (2008: € 2.4 million) in 2009. This downturn is first and foremost attributable to the considerable increase in trade receivables, the decline in trade payables and in net income for the year.

The cash flow used in investing activities fell from € -2.9 million to € -2.3 million. An amount of € 1.3 million was paid for the acquisition of the DETEC companies in accordance with the payment plan in the first half of 2009 and set off against the cash funds acquired. Moreover, upon termination of the settlement for the Kleindienst purchase, another € 0.5 million were paid in subsequent acquisition costs. As a countereffect, however, Beta Systems Software AG generated proceeds of € 2.4 million from the sale of investment property in 2008.

Net cash used in financing activities advanced to € 5.7 million in 2009 (2008: € -0.9 million). The higher level of drawings on credit lines brought the cash flow from short-term financing activities to € 6.1 million (2008: € -1.1 million). Utilization was therefore almost double that of the previous year (2008: € 6.2 million; 2009: € 12.2 million). The cash flow from long-term financing activities pertaining to the DETEC financing came to € 0.2 million on balance (borrowings in 2009: € 1.0 million; repayments: € 0.8 million). In 2008, loan repayments of € 2.0 million, on the one hand, were offset by funds received from drawings on loans in the same amount on the other.

Trade Receivables rose appreciably to € 41.7 million in 2009 even though total revenues declined (2008: € 38.3 million). By contrast, however, the receivables structure has improved considerably. We refer to the Notes to the Consolidated Financial Statements for more detailed explanations.

Construction contracts, minus project-related advances, climbed to € 5.5 million on the reporting date (2008: 4.5 million).

Other current assets fell from € 4.6 million to € 3.2 million. In 2008, they comprised a downpayment of € 1.5 million in 2008 for the acquisition of the DETEC holdings.

The decrease in property, plant and equipment from € 3.2 million to € 2.3 million was attributable to depreciation which exceeded the investments.

Goodwill climbed by € 2.9 million as a result of the DETEC acquisition, as well as € 0.5 million due to the settlement paid for the Kleindienst purchase, and came from € 2.0 million to € 5.4 million in total.

Other intangible assets rose from € 2.5 million to € 2.6 million through purchasing the customer base of the DETEC companies.

In the wake of purchasing the DETEC companies, software product rights acquired to the LaserSoft/DoXite software advanced to € 2.6 million, up from € 2.4 million.

Deferred tax assets rose from € 7.3 million on December 31, 2008, to € 7.8 million on December 31, 2009.

Short-term debt climbed to € 13.2 million in 2009, up from € 7.1 million, owing to drawdowns on credit lines in an amount of € 13.0 million (2008: € 6.9 million) and finance leasing of € 0.2 million (2008: € 0.2 million.). For more information on the maturity and interest rate structure of committed loans, we refer to the Notes to the Consolidated Financial Statements

Trade payables dropped to € 3.2 million (2008: € 6.7 million) which was attributable to the low level of orders in the ECM LoB resulting in decline in supplier trade payables.

There was a reporting-date related increase in deferred income to € 7.2 million (2008: € 6.9 million) which included amounts already invoiced for services based on maintenance, consulting and services agreements to be provided in the future.

Other current liabilities rose to € 8.6 million, up from € 7.4 million, owing primarily to the remaining installment of € 1.0 million due for the purchase of the DETEC companies in February 2010.

Non-current liabilities came in at € 15.1 million, thereby exceeding the previous year's figure (2008: € 14.2 million). Deferred tax liabilities rose from € 8.8 million on December 31, 2008, to € 9.8 million on December 31, 2009, an increase attributable to the acquisition of the DETEC companies.

Shareholders' equity advanced to € 29.7 million, up from € 28.6 million. Despite the higher balance sheet total, the equity ratio declined slightly to 38.6%, down from 40.3%.

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).

Development of revenue and result of the Parent Company	2008	2009	Deviation
Operating performance	67,676	57,927	(9,749)
Other operating income	6,141	7,072	931
Costs of materials and acquired service	(8,829)	(7,193)	1,636
Personnel expenses	(35,443)	(33,836)	1,607
Depreciation and amortization	(2,960)	(2,229)	731
Other operating expenses	(28,226)	(22,845)	5,381
Income from investments	2,128	2,422	294
Interest income	6	(701)	(707)
Result before tax	493	617	124
Taxes	765	(78)	(843)
Net profit for the year	**1,258**	**539**	**(719)**

The operating performance is the result of sales revenues and changes in inventories. Income from investments is the result of income from holdings, income from profit and loss transfer agreements and from loans to affiliated companies, as well as write-downs on financial assets.

Financial performance:

The net profit of the Parent Company in the reporting period stood at € 0.5 million, down from €1.3 million in 2008. Result before tax remained positive at € 0.6 million (2008: € 0.5 million).

The € 9.7 million decline in operating performance was virtually fully compensated by cost savings. The downturn was mainly the result of the lower level of the license, hardware and service revenues (ECM new system business) which came to € 10.5 million. Similar to the consolidated results, the impact of the low level of orders of the ECM LoB is reflected in this figure. We refer to the respective statements on the development of segment results reported in accordance with IFRS. Maintenance revenues, which grew by € 0.8 million, constitute a countertrend.

Other operating income rose by € 0.9 million in a year-on-year comparison due to the high level of other inter-Group services.

In line with the sales revenue trend of hardware and services, the cost of materials as a partly variable cost component fell from € 8.8 million to € 7.2 million.

Personnel expenses declined from€ 35.4 million to € 33.8 million. Given relatively stable average personnel numbers, the reduction in costs is due to lower transfers to provisions for variable remuneration (€ 0.4 million), the reduction of credit on flexitime and vacation accounts (€ 0.9 million), and lower fixed salary expenses (€ 0.6 million).
Depreciation and amortization sank from € 3.0 million to € 2.2 million owing to a lower volume of write-downs on software product rights acquired.

Other operating expenses fell to € 22.8 million, down from € 28.2 million, a result which mainly reflects the considerable costs savings of € 2.2 million on services out-sourced, as well as of € 1.9 million on selling costs and of € 0.4 million on travel expenses.

Income from investments of Beta Systems Software AG advanced by € 2.1 million to € 2.4 million. The contribution of investments to the result in the last two years continues to be positive in line with expectations. (SI Software Innovation: € 0.7 million; DETEC: € 0.3 million).

The 2008 tax result included a gain of € 0.8 million from the completion of an external tax audit.

Asset and financial position:

The balance sheet total climbed to € 48.0 million, up from € 43.7 million.

Non-current assets rose from € 23.2 million to € 25.1 million. Additions of € 4.7 million, owing in particular to the purchase of the DETEC companies (€ 3.2 million in 2009; prepayment of € 1.5 million already remitted in 2008), are offset by depreciation and amortization of € 2.6 million, including financial assets.

Receivables and other assets climbed by € 2.0 million which was primarily attributable to a reporting-date related increase in trade receivables.

The financing of new financial assets and working capital led to an increase in borrowings from banks of € 6.3 million, a figure which includes the taking up of another tranche of € 1.0 million for the DETEC financing. The financing has a term of four years and comes to € 3.0 million in total (disbursement of € 2.0 million in 2008).

In this context, reference is made to the explanations on the financial position of the Group.

Drawdowns were made on short-term credit lines to ensure the Company's liquidity. The granting of credit by the financing banks is contingent on certain financial ratios being fulfilled. Moreover, collateral to secure the credit lines was granted in the fiscal year through the global assignment of trade receivables.

Along with three medium-term loans for the purchase price financing of the DETEC acquisition, there were credit lines available granted by a number of banks totaling € 14.5 million (2008: € 12.5 million), of which € 12.2 million had been utilized by the reporting date. At the current point in time, the Company has written commitments on a revolving credit volume totaling € 12.0 million (2008: € 12.5 million).

Shareholders' equity advanced to € 14.5 million, up from € 14.0 million, an increase resulting from the net income of the Company. Due to the increase in borrowings, the equity ratio declined slightly by € 3.7 million to 30.2% (2008: 31.9%). The ratio of equity to the share capital of the Company came to 84.0% at the end of the reporting period (2008: 80.8%).

Provisions declined from € 9.5 million to € 6.6 million owing, on the one hand, to the lower volume of personnel provisions which reflected the trend of personnel expenses, and, on the other, to the lower level of provisions for outstanding invoices.

The increase in liabilities from € 17.6 million to € 23.2 million was caused first and foremost by the increase in borrowings from banks. The decline in trade liabilities and in provisions for external invoices is due to the lower level of operating performance, particularly in the second half of 2009. The increase in other liabilities is mainly due to the remaining purchase installment for the DETEC acquisition amounting to € 1.0 million due in February 2010.
The increase in deferred income, which climbed from € 2.7 million to € 3.7 million, is also due to reporting-date related effects and must be seen in conjunction with the rise in trade receivables.

4.4. Earnings per share and dividend

Beta Systems Software AG did not pay any dividend for fiscal 2008 in the year 2009. There will be no dividend distribution for fiscal 2009 either. If Beta Systems Software AG should generate unappropriated retained earnings in the years ahead, it plans to pay dividend again, depending on the respective financial position.

5. ANNUAL CORPORATE GOVERNANCE STATEMENT AND REPORTING ON CORPORATE GOVERNANCE

Documents pertaining to Corporate Governance at Beta Systems Software AG, the current corporate governance statement and the declarations of conformity in previous years, are easily accessible on the website of the Company at www.betasystems.com under the Investor Relations/Corporate Governance heading.

6. RISK AND OPPORTUNITIES REPORT

Good corporate governance also entails a responsible management by the Company of risks. The Management Board of Beta Systems Software AG and the management of the Beta Systems Group have extensive, groupwide and company-specific reporting and control systems at their disposal which enable the recording, assessment and control of these risks. Systematic risk management ensures that any risks are detected 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. The early warning system for the identification of risks is reviewed by the auditor. The Management Board reports regularly to the Supervisory Board on the risks and their development. The Supervisory Board concerns itself in particular with monitoring the accounting process, including reporting, the effectiveness of the internal control system, of risk management and of the internal audit system, of compliance as well as of the annual financial statements audit.

Beta Systems is exposed to a number of risks and opportunities which are inextricably linked with entrepreneurial activities entailed in 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 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.
The risk policy consists of exploiting 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. An important prerequisite here is, however, the ability of the Company to understand its own entrepreneurial risk as an additional parameter of management and control, and of optimizing and proactively influencing it. In accordance with Beta Systems' understanding of risk and risk policy, these risks are divided up into the following categories: market and product risks, risks inherent in strategic investments, risks from financial assets and operating risks. The Management Board has formulated a set of guidelines which define the scope within which performance-related and financial risks may be entered into.

6.1. Components of the Risk Management System (RMS) of Beta Systems

Beta Systems has set in place a risk management system which complies with statutory provisions. The Company identifies, analyzes and evaluates potential and existing risks on an ongoing process with a view to the probability with which they may occur and their impact.
To this end, Beta Systems has specified the measures taken to counteract risk and appointed persons responsible at the operating level, and has documented the outcome of this analysis in a **Risk List**. The Risk List enables the Management Board and the Supervisory Board to gain an overview of the risk position of the Company and to identify any need for action at an early stage.

A **Risk Portfolio** provides an additional overview of the risks comprised in the Risk List. Moreover, the **Risk Archive** is dedicated to the documentation of changes in the Risk List. The evaluation of the risks is carried out in accordance with the **Risk Management System Manual** which also documents the structure and workflow entailed under risk management.

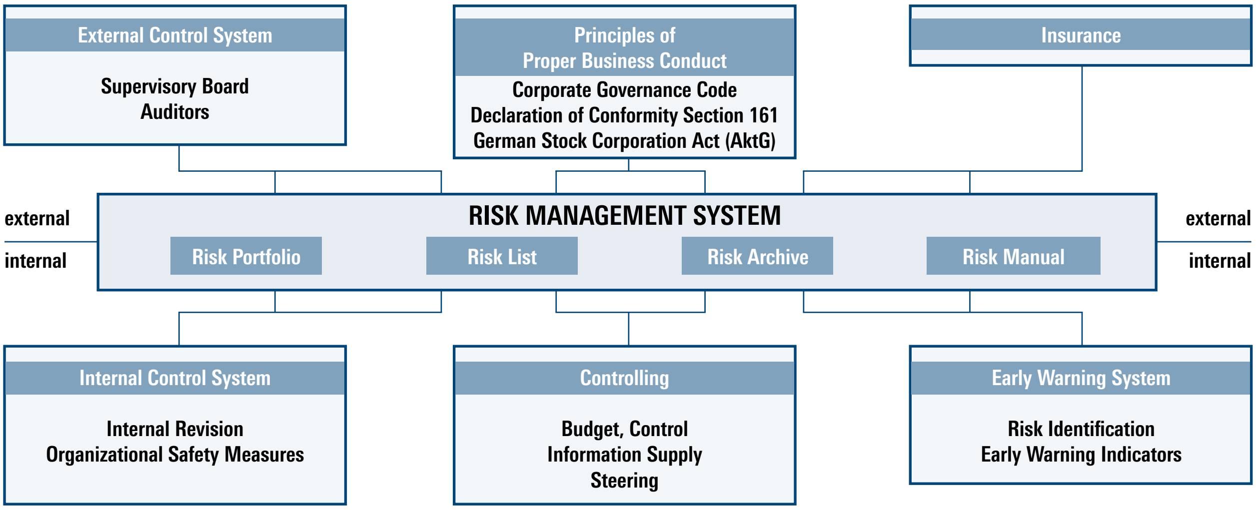


Chart: Beta Systems Risk Management System

The senior risk managers in the LoBs are the heads of the LoBs themselves. Moreover, all managers, including those with cross-departmental functions, are responsible for risk in their respective areas. In addition, each and every employee of Beta Systems is encouraged to report new or changed potential risks to the risk manager (RM Head, LoB Head, Head of cross-divisional functions and lines). The risks are analyzed once a year and compiled in an updated form.

The risks are adjusted, supplemented or deleted from the List and archived, also over the course of the year, in meetings which are held in the context of monthly reporting and the monthly meetings of senior management. Monitoring the status of risk as part of monthly reporting covers material risks in the LoBs, the lines and cross-departmental functions. The frequency of meetings and reporting ensures a high degree of transparency and sensitivity of the Company and management for potential risk.

As a highly innovative company engaged in the software development sector, Beta Systems is called upon to consciously enter into entrepreneurial risk in order to maintain its high standards of innovation. A number of risks associated with research and development activities as well as in sales and services can therefore only be limited to a certain extent. Beta Systems' standpoint is that it must take on commensurate risks, as this is the only way of safeguarding its innovative and competitive advantage.
By contrast, in the areas of finance and organization, it is a matter of course for Beta Systems to avoid or secure against risks to the greatest extent possible. The principles which apply to development activities are not valid for these areas. In the understanding of Beta Systems, responsible entrepreneurial activities in these areas are generally associated with activities inherent in avoiding risk.

Along with the individual countermeasures listed in the Risk List, there are five security systems embedded in the organization structure or facilities of Beta Systems which serve to minimize risk. These systems comprise the following: operational safety systems as a formal part of the organization which specify operational workflows (including the documentation of entrepreneurial activities which takes the form of describing all operational and business transactions and defines the process of signatures required for all business transactions), systems to secure products and contracts (quality assurance department for the development of products and Contract Management to protect the Group against liability risks), systems to secure capital and investments (organization structure ensuring that all major utilizations of funds which exceed the scope of daily business are conducted in accordance with the signature rules and regulations of Beta Systems; financial planning ensures that there is always a sufficient amount of funds available), the human resources safety system, as well as a system ensuring efficiency within the Company and of management.

Along with the Head of Risk Management and the risk managers, Controlling is responsible for the development of the methods, systems and operating instructions for the Risk Management System (RMS). It also fulfils a groupwide support function for all questions relating to the RMS. Moreover, all functions exercised by Controlling, namely planning, control, management and the providing of information, are part of the RMS.
In addition, Beta Systems has set in place an early warning system for monitoring risks applied first and foremost to the market and customers, as this is where revenues is deemed the key parameter.

In as much as is expedient from a business standpoint, Beta Systems has taken out insurances covering potential loss and liability risks which ensure that the financial consequences of any risk events occurring 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.

The monitoring and observance of compliance guidelines was also an integral part of risk management in the fiscal year 2009. 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.

6.2. Significant risks monitored by the Risk Management System

Current situation in 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, exerting increasing pressure on participants to reduce costs in the sector. On the one hand, this trend favors the sale of the new Beta Systems software solutions 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 postponed owing to liquidity and financing short-falls or the scope of orders placed curtailed.

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

1. Of the amount invested in the DETEC companies, 64 % has been financed through loans with a four-year term.
2. The banks have made credit lines available indefinitely to Beta Systems, secured by way of global assignment.

Business and markets

The global markets for our products are characterized by fierce competition. This is valid for prices, the quality of products and services, development time 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 here 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 due to unforeseeable developments. 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 payment settlement in the financial sector of the ECM LoB. 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 downturn 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 more swiftly 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 of the LoBs. 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 improving sales incentive systems. 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 2009, 45.9 % of revenues were generated by the four products Beta 93, Beta 92, SAM Jupiter, Beta 92 and EBS 2000. 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 Beta 93, SAM Jupiter and Beta 92 products, depends greatly on the innovations and business policy of IBM and other major hard- and software manufacturers.

Beta Systems is currently building up its existing product portfolio in the mainframe business by adding the rights to the Large Documents Management System (LDMS) product through the acquisition of SI Software Innovation GmbH and the LaserSoft/DoXite product through the acquisition of the DETEC companies. In this process, LDMS and LaserSoft/DoXite will be treated as individual product lines in their own right. Beta Systems assumes that the synergies released from combined product portfolio can be used successfully in for processing in data centers.

At the start of 2010, Beta Systems purchased all property rights to the rolmine product of Swiss partner ipg AG, thereby enhancing the strategic significance of its security products. Under the product name of SAM Rolmine, Beta Systems offers major companies in particular, which have a high numbers of users, a holistic role life cycle management system. SAM Rolmine is a key component of the new SAM Enterprise Identity Management Suite and of the z/Security solutions for data centers by Beta Systems. Beta Systems considers the purchase to be a strategic investment in future-oriented Identity Access Management.

Widening and adding to the product and services portfolio may incur more expenses than planned, the development of new markets may fail, and/or sales and earnings targets may not be achieved. Acquisitions potentially carried out in the future with a view to avoiding the aforementioned effects may place considerable financial burdens on the Beta Systems Group and may bind considerable management resources; the integration of companies acquired may fail and the goals pursued might not be achieved at all or only to a limited extent.

Beta Systems has introduced a number of measures to protect its product rights, including copyright protection, brand names and trademarks, licenses, confidentiality agreements and a number of different 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, third parties may use the source codes of software belonging to the Beta Systems Group beyond the scope contractually agreed after these codes have been made accessible to them on the basis of an escrow agreement. The Beta Systems Group may also not be eligible to own the rights to employee inventions. Moreover, the Beta Systems Group is not able to prevent third parties from using certain external software which it also uses and, with respect to such external software, may be subject to unfavorable contractual conditions. 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 exert a negative impact on the development of Beta Systems. Finally, reference is made to the fact that OEM agreements might be terminated.

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.

Partnerships

The Beta Systems Group must find suitable partners in order to expand its partner sales; untoward developments in existing cooperations and partnerships may have an adverse effect on sales. The most recent partnerships are those with Proginet Corp. and APM-Software GmbH. Beta Systems and Proginet have strengthened their core competences through an asset swap, and Beta Systems has taken over the global distribution rights to APM-Software GmbH's APX/PCC scheduling product.

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 Company's future earnings, asset and financial position. The current dearth of qualified personnel on the labor market incurs a risk that positions open through fluctuation or growth of the company cannot be filled with suitable personnel – or only with a delay.

External tax audits

Future external tax audits may result in subsequent tax claims asserted by the financial authorities; if netting prices within the Group are not recognized, this will incur subsequent tax claims; grounds for not recognizing loss carryforwards may result in impairments of deferred tax assets and therefore have a negative impact on the asset and earnings position of the Beta Systems Group, leading to future tax burdens.

Credit risk

Credit risk is the risk of financial loss to a company if its customers fail 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 respective deadline. The aim and the task of liquidity management is to have its own and borrowed funds available in sufficient quantities. The results and the liquidity of the Beta Systems Group are subject to seasonal fluctuations.

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 systems 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. All in all, the Company had credit lines available at its principal banks for the purpose of drawdowns at short notice of € 14.5 million (2008: € 12.5 million) on December 31, 2009. The financing commitments of these banks are tied to the Company's achieving certain financial ratios. As per December 31, 2009, the Company had fulfilled all covenants. By applying terms and conditions in the lending agreements customary in the markets, credit institutions have termination rights and extraordinary termination rights under certain circumstances. In our opinion, regular reporting by the Company and its option of repaying loans utilized in the first quarter of a year from the cash flow generated from software license and maintenance contracts make it an interesting proposition for banks to maintain business relationships with Beta Systems.

At the current point in time, the Company has written commitments on a credit volume totaling € 12.0 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 detailed explanations 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 the short to medium term in the money market. 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. At the end of the reporting period, equity came to 84.0 % (2008: 80.8 %) of capital subscribed.

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 did not consider the exchange ratio appropriate and therefore filed an application for a 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, came to k€ 509 in total and had no effect on income but was recognized as goodwill (subsequent acquisition costs).

Communication and information technology

There may be security issues with and interruptions to the functions of the communications and information technology used within the Beta Systems Group. Beta Systems has therefore taken the requisite disaster recovery measures through backing up its systems as well as through the installation of virus scanners and other security measures to keep this risk to a minimum.

6.3. Significant opportunities

Adjustment of the organization structure

Since fiscal 2009, Beta Systems has restructured its operations into the two divisions of Infrastructure (Infrastructure & Operations Management, with the more product-oriented DCI/IdM lines of business) and ECM Solutions (ECM & Document Solutions, with its more project-oriented ECM line of business), each of which has four clear goals. In the fiscal year 2009, the customers of the DCI and IdM LoBs in certain areas were impacted by the crisis in the financial market. Nonetheless, both LoBs had performed well by year-end, not least owing to the successful implementation of their strategies. By contrast, customers in the ECM solutions business held back on making more major IT investments during the financial market crisis. This development prompted Beta Systems to realign its organization structure by hiving off the ECM LoB and setting it up as an independent subsidiary, with retrospective effect as of January 1, 2010. The spin-off has been effective since its entry into the Commercial Register of the District Court of Charlottenburg, Berlin, on March 1, 2010.

The Infrastructure Division focuses 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 concentrates 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 product lines and portfolio streamlining

To ensure that its product portfolio remains on the cutting edge, Beta Systems invests in new product generations (including the new Agility product generation) and in extending its portfolio through acquisitions.

In doing so, the Company takes 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 Risk and Opportunities Report.

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, companywide 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 place special importance on companywide 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

Beyond this, Beta Systems has identified 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, control and improvement of business processes (so-called Business Process Management). Beta Systems intends to expand its development activities in these areas.

Global trend toward consolidation

Moreover, the Company has identified the ongoing process of global consolidation as another trend in the market. Numerous mergers, particularly in Europe's financial services sector, have led to an increasing concentration. In addition, recent years have seen a number of large corporations start to commission external IT providers with their IT infrastructure (so-called outsourcing). With its customer and service orientation, its focus on key accounts and its extensive product portfolio, Beta Systems is well positioned to accommodate this trend.

7. DESCRIPTION OF THE KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE (GROUP) ACCOUNTING PROCESS IN ACCORDANCE WITH SECTIONS 289 PARA. 5 AND 315 PARA. 2 OF THE GERMAN COMMERCIAL CODE (HGB)

7.1. Definition of terms and components of the internal Control and Risk Management System (RMS) within the Beta Systems Group

The internal control system implemented within the Beta Systems Group comprises all principles, procedures and measures designed to secure the effectiveness, efficiency and regularity of (Group) accounting as well as to ensure compliance with the pertinent statutory provisions. The internal control system of the Beta Systems Group consists of an internal management and control system and an internal monitoring system. With this in mind, the Management Board of Beta Systems Software AG in its executive function of heading up the Company has especially entrusted responsibility for the internal control systems of the Beta Systems Group to Finance & Controlling, Human Resources and IT. All departments managed within Beta Systems Software AG.

Monitoring measures both integrated into and independent of processes constitute the components of the internal monitoring system of the Beta Systems Group. Alongside manual process controls such as the principle of dual control, automated IT-supported process controls, an IT authorization concept and functional segregation are also an integral part of measures incorporated into processes. Monitoring integrated into processes continues to be supervised and ensured by executive bodies or by specific Group functions such as, for instance, the Legal Department.

The Supervisory Board is involved in the internal monitoring system of the Beta Systems Group in its supervisory activities which are independent of processes. The Supervisory Board concerns itself in particular with monitoring the accounting process, including reporting, the effectiveness of the internal control system, of risk management and of the internal audit system, of compliance as well as of the annual financial statements audit.

The Group's independent auditor and other supervisory bodies such as, for instance, tax inspectors, carry out auditing activities which are independent of processes. In particular, the audit of the consolidated financial statements by the Group's external auditor and the audit of the Group companies' separate financial statements constitute the main supervisory measures, independent of processes, associated with the Group accounting process.

In respect of Group accounting, the internal control system as an integral part of the risk management system is sensitized to the risk of erroneous statements in the Group's bookkeeping and in external reporting.

To ensure the systematic early recognition of risks throughout the Group, a risk management system has been set up within the Beta Systems Group which comprises an early warning system pursuant to Section 91 para. 2 of the German Stock Corporation Act (AktG) and serves to support risk control and monitoring. In accordance with Section 317 para. 4 of the German Commercial Code (HGB), the Group's auditor assesses the functional capability of the early warning system which is modified swiftly and appropriately by the Beta Systems Group to changes in the environment. More explanations on the risk management system are given in the Risk and Opportunities Report.

7.2. Use of IT Systems

The recording of accounting transactions in the individual accounts of Beta Systems Software AG's subsidiaries is carried out mainly in the SAP accounting system. For the purpose of drawing up the consolidated financial statements of Beta Systems Software AG, the Group subsidiaries provide separate financial statements which take the form of standardized reporting packages supplemented by additional information. These packages are then incorporated by all Group companies into the SAP BCS reporting system and subsequently consolidated.

7.3. Specific Risks associated with (Group) Accounting

Specific risks associated with Group accounting may arise due to the carrying out of unusual or complex transactions, particularly at the end of the fiscal year which is especially critical because of the time window involved. Moreover, transactions which are not routinely processed may harbor potential risk. The necessary discretion accorded to employees in the recognition and measurement of assets and liabilities may give rise to (Group) accounting-related risks.

7.4. Significant supervision and control activities to ensure the regularity and reliability of (Group) accounting

The measures of the internal control system pertaining to the regularity and reliability of (Group) accounting ensure that business transactions are recorded in their entirety and promptly in accordance with statutory provisions and the rules and regulations laid down in the Articles of Association. Moreover, measures have been taken to ensure that inventory controls are duly and properly carried out, and that the assets and liabilities presented in the consolidated financial statements have been accurately recognized, measured and disclosed. Activities involving supervision and control also ensure that the accounting records provide information that is reliable and leaves a clear audit trail.

At Group level, the control activities specifically aimed at ensuring the regularity and reliability of (Group) accounting comprise the analysis and, if required, correction of the separate financial statements submitted by the Group companies, taking account of the reports prepared by the independent auditors and the pertinent discussions on the financial statements.

The scope of rules and regulations at Group level also cover the centralized determination of the parameters to be applied to the measurement of pension or other provisions. In addition, the preparation and aggregation of further data used as a basis for external information in the notes to the financial statements and the management report (including events after the balance sheet date) is also performed at Group level.

7.5. Disclaimer

Based on the organization, control and monitoring structures established within the Beta Systems Group, the internal control and risk management system enables the capturing, preparation and assessment of all business transactions relating to the Group in their entirety, as well as their correct presentation in (Group) accounting.

In particular, decisions made on the basis of personal discretion, faulty controls, criminal activity or other untoward circumstances cannot be entirely eliminated and may then impair the effectiveness and reliability of the internal control and the risk management system deployed within the Group. As a result, the groupwide application of the respective systems is unable to guarantee the correct, complete and prompt recording of business transactions in (Group) accounting with absolute certainty.
The statements made are only relevant to the companies of Beta Systems Software AG included in the consolidated financial statements and whose financial and business policies Beta Systems Software AG can influence, either directly or indirectly, in order to derive benefit from their activities.

8. RESEARCH AND DEVELOPMENT

In fiscal 2009, the research and development activities were an important stimulus for the development and launch of new products and solutions. The manifold customer and market requirements placed on product enhancement were implemented through the launching of some 40 new product releases. Beta Systems entrusts its own employees with research and development (R&D) in the main. R&D costs came to € 14.0 million in fiscal 2009 (2008: € 13.8 million).

Products and solutions are developed primarily in the German locations of Berlin (focus: DCI), Cologne (focus: IdM) and Augsburg (focus: ECM), in the Calgary-based subsidiary Beta Systems Software of Canada Inc., Canada (focus: DCI and IdM), the DETEC companies in Ruesselsheim, Germany, as well as by SI Software Innovation GmbH, a company based in Neustadt, Germany.

The DCI Line of Business
The research and development activities in the DCI/IdM line of business (LoB) were also concentrated on the development of numerous software releases and updates of existing products in 2009. Beyond this, the year 2010 will see the development of new product generations through which Beta Systems will do justice to its position in the market as an innovative company specialized in data center solutions.

At the start of 2010, a new and extended product structure was introduced as part of the so-called »Product Evolution Process« (PEP). Moreover, Beta Systems initiated the development of the new Agility product generation in 2009. More information is given in the section entitled Background and Strategic Guidelines.

The successful technological integration of the newly acquired DoXite, LDMS product suites and the classical Beta Unix solutions as the basis for efficient company-wide documents logistics continue to be at the heart of activities to create a holistic output management from one source.

Moreover, the takeover of the distribution rights to the APX/PCC product of Hamburg-based APM-Software GmbH has extended the product range for process workflow management (scheduling) in data centers. In future, new web-oriented scheduling functionalities and migration tools are to be developed for process automation to satisfy current market requirements placed on data centers and to replace competitor installations.

The IdM Line of Business
The new SAM Enterprise Identity Manager generation was completed at the end of 2009. This generation combines a company's existing business processes and underlying organizational workflows with Identity Access Management and can now be used across all platforms and databases.

The IdM LoB's product portfolio, specifically user management, was extended to include technologically cutting-edge, role-based rights management through a cooperation with ipg AG (information process group AG). Companies using this product can synchronize IT user roles, identities and access rights with their organizational requirements. In addition, the Company has developed new, extensive business process workflow functions on the basis of isonet AG's leading WorkflowXPert.NET technology. These functions enable a company to accelerate approval processes, to implement deputizing arrangements or significantly raise user performance, for instance.

The ECM Line of Business
In the ECM business, Beta Systems concentrated its research and development activities on replacing the EBS 2000 voucher processing system with the FrontCollect Payment system used for international applications. New functionalities in the area of business process management and archiving were developed through the integration of EMC's Documentum products into Beta Agilizer 4DocumentProcessing.

Furthermore, activities were concentrated on developing solutions for high-volume incoming mail. Beta Systems has thus set in place the technological prerequisites for service providers and shared service centers that digitalize incoming mail, from bank vouchers through to insurance receipts, and make this mail electronically available to their customers. With this objective in mind, the FrontCollect Suite was extended on an ongoing basis for this target group in fiscal 2009. In this context, requirements such as multi-mandated systems, logging and individual user access options, were implemented as part of development activities.

The FrontCollect ControlRoom was developed to supplement the suite. The FrontCollect ControlRoom makes a running forecast on whether a daily target defined by the FrontCollect Suite incoming mail solution will be achieved. The combination of process monitoring with a forecast for daily operation enables mid-sized and large incoming mail solutions to make significant reductions in supervision and to improve quality assurance monitoring options.

9. REMUNERATION REPORT

Remuneration of the Management Board

With the entering into force of the German Act on the Appropriateness of Management Board Remuneration (VorstAG) on August 5, 2009, the legislator set in place new requirements for determining board member remuneration. The Supervisory Board of Beta Systems Software AG discussed the new statutory regulations in its meeting on December 3, 2009. Issues relating to remuneration had already been discussed and decided in the past by the whole Supervisory Board. In accordance with the provisions set out under the German Act on the Appropriateness of Management Board Remuneration (VorstAG), the overall remuneration of each individual member of the Management Board will now be obligatorily determined by the Supervisory Board. In determining remuneration, the requirements of the German Stock Corporation Act (AktG) and, for the most part, of the German Corporate Governance Code will be observed. The Supervisory Board also decides on the remuneration system applicable to the Management Board and reviews it regularly. The Personnel Committee of Beta Systems Software AG's Supervisory Board prepares the respective resolutions to be taken by the Supervisory Board, if necessary. The bylaws for the Supervisory Board and the Personnel Committee of the Supervisory Board were amended accordingly.

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

Fixed remuneration is paid as a monthly salary. In addition, Management Board members receive non-cash benefits such as the private use of a company car and the granting of a vehicle allowance. Other components of fixed remuneration also include insurance premiums paid on behalf of Management Board members and accident insurances taken out in favor of their heirs to cover the event of their death. Moreover, members of the Management Board receive an annual bonus, the granting and amount of which depend on the operating and financial results achieved by the Beta System Group, on the one hand, as well the individual personal performance of the individual Board members on the other.

Under his employment contract, Mr. Kamyar Niroumand, member of the Management Board, relieved of his duties on July 18, 2009, was to receive a non-recurrent special payment of a gross amount in the event of a so-called Change of Control where more than 75% of the voting rights are purchased by a third party. The amount of this additional remuneration was to be calculated on the basis of the purchase price of the majority of the voting shares and was capped at € 5,000,000.00. This provision was changed through an addendum to the employment contract of March 29, 2009, to the effect that Mr. Niroumand, in the event of a change of control, now defined as the purchase of 50% of the voting rights of the Company by a third party, should have the right to terminate his term of employment if his position as member of the Management Board were to be significantly impacted by such change. In the event of exercising his right to termination, he would have had a severance claim calculated as three times the amount of his annual remuneration. Share options already allocated but not paid out from the time prior to the termination of his employment would have become due and payable. Mr. Niroumand was also to be entitled to this severance pay in the event that his employment contract had been ended prematurely by the Company within twelve months after a change of control, provided that Mr. Niroumand himself was not responsible for termination for an important reason. In the event of premature termination of his employment contract, there were no further explicit severance commitments made in respect of Mr. Niroumand. Similarly, there are no severance commitments in the case of a premature termination of Mr. Sagl's employment contract. A severance arrangement may, however, result from an individually agreed cancellation of employment contract. The employment contracts of the Board members of Beta Systems Software AG nonetheless provide for the following: if a Board member dies during his term of his employment contract, his widow and dependent children, provided that the latter have not ended their 26th year and are still in vocational training, have a claim to continued payment of fixed monetary remuneration for the month in which death occurred and for six months thereafter.

The employment contracts of the Board members of Beta Systems Software AG are concluded for the designated period of office and end with expiry of this term without official notice of termination being necessary. The rescinding of the appointment under Section 84 of the German Stock Corporation Act (AktG) equates to termination of the employment contract at the next possible date. In the case of long-term occupational disability the employment contract terminates at the end of the first quarter in which the long-term occupational disability is ascertained. In the case of a temporary inability to work through no fault of the Board member in question, there is a claim to continued payment of the fixed, monetary remuneration up to a period of twelve months. The claim to variable remuneration remains effective but is reduced proportionately if the inability to work lasts more than six months.

Mr. Kamyar Niroumand, member of the Management Board relieved of his duties on July 18, 2009, was to receive a bonus under an agreement dated March 26, 2009, in the event of the sale of certain parts of the Company if, through his special commitment, a higher selling price in the market could have been commanded. A bonus amount was fixed for each of the respective parts of the Company should they be sold. Moreover, a performance bonus was agreed if a specified minimum sales price were to be exceeded. The performance bonus is calculated as a portion of the difference between the minimum selling price and the actual selling price, each capped by a maximum amount. All in all, Mr. Niroumand would have been eligible to receive a bonus of a maximum amount of € 775,000.00 if all parts of the Company under the agreement had been sold and if the respective maximum performance bonus had been reached.

The employment contract of Mr. Niroumand was terminated on July 18, 2009. In the period following termination of his membership in the Management Board he received no payments, neither from his employment contract, nor from a cancellation agreement or other agreements.

The remuneration of the individual members of the Management Board in fiscal 2009 is set out in the table below:

Remuneration of the Management Board in €	Fixed components 2008		Performance-based components 2008	Fixed components 2009		Performance-based components 2009
	Salary	Other benefits		Salary	Other benefits	
Kamyar Niroumand	360,000.00	14,178.96	125,000.00	198,000.00	7,306.18	0.00
Gernot Sagl	130,000.00	8,391.40	75,000.00	150,157.96	8,961.00	100,000.00
Total	**490,000.00**	**22,570.36**	**200,000.00**	**348,157.96**	**16,267.18**	**100,000.00**

Mr. Kamyar Niroumand, Board member relieved of his duties on July 18, 2009, was entitled to a target bonus of € 125,000.00 for fiscal 2008 arising from an agreement on bonus and objectives with the Company, represented by the Supervisory Board. This amount was paid out in full in 2009. The entitlement in 2009 comes to € 240,000.00 at most, depending on the consolidated result. As Mr. Niroumand was not active in the service of the Company for the year as a whole, maximum payment based on objectives achieved in full would come to a proportionate amount of € 131,121.92.
In fiscal 2009, Mr. Gernot Sagl received an amount from Beta Systems Software AG of € 92,127.96 (2008: € 81,467.40) in performance-based remuneration for his activities as a member of the Management Board of Beta Systems Software AG. For his activities as General Manager of Beta Systems Software AG's Austrian subsidiary, Vienna-based Beta Systems EDV Software Gesellschaft m.b.H., Mr. Gernot Sagl received total remuneration of € 58,030.00 in fiscal 2009 (2008: € 56,924.00). This amount is included in the remuneration of the Management Board itemized above.

Mr. Gernot Sagl had a claim to a target bonus of € 75,000.00 for the fiscal year 2008 arising from an agreement on bonus and objectives with the Company, represented by the Supervisory Board. This amount was paid out in full in 2009. The entitlement in 2009 comes to € 100,000.00 at most, depending on the consolidated result and the achievement of personal objectives.
In fiscal year 2009, 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.

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. It is based on the tasks and the responsibilities of the Supervisory Board members.

The members of the Supervisory Board received 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 the fiscal year 2009:

Remuneration of the Supervisory Board in €	Fixed remuneration 2008	Fixed remuneration 2009
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 are 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.

D&O Insurance
The Company has taken out a D&O insurance (Directors' and Officers' Group Liability Insurance) for members of its executive bodies 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.

Contrary to the present recommendation laid down in Code version dated June 6, 2008, published in the German Federal Gazette on August 8, 2008, that the 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 would 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 Software AG do not therefore include any deductible. In Code Item 3.8. of the German Corporate Governance Code in its version dated June 18, 2009, published in the German Electronic Federal Gazette on August 5, 2009, the recommendation of agreeing a deductible is only applicable to the D&O policy for Supervisory Board members whereas the deductible in concluding a D&O policy for Management Board members is now mandatory under the law. For the reasons cited above, Beta Systems will not be including a deductible for Supervisory Board members in future either. In contrast, however, the existing and current policy pertaining to the Management Board will be changed in good time owing to the amendment of Section 93 para. 2 sentence 3 of the German Stock Corporation Act (AktG) under the German Act on the Appropriateness of Management Board Remuneration and in accordance with the deadline which expires on June 30, 2010. From this time onwards, it will include a deductible for Board members of at least 10% percent of the loss or damage up to a minimum of one and a half times the fixed annual remuneration of the respective Board member.

10. 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 such transaction(s) conducted by the respective members or parties related to them 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. No transactions were reported to Beta Systems Software AG in the fiscal year 2009 (Beta Systems share; financial instrument: ISIN DE0005224406).
As soon as they are carried out, all transactions are disclosed on the website of the Company at www.betasystems.com under the Investor Relations/Corporate Governance/Directors' Dealings section. Directors' shareholdings as per December 31, 2009, are as follows:

As per Dezember 31, 2009	Number of shares
Management Board	
Kamyar Niroumand[1]	134,377
Niroumand family[1]	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

[1] On July 18, 2009, the Supervisory Board of Beta Systems Software AG relieved Mr. Kamyar Niroumand of his duties as Chief Executive Officer of the Company. For this reason, information on the Director's Holdings of Mr. Niroumand pertain to this date.

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

Composition of subscribed capital
The capital stock of the Company is currently € 17,275,588.20 and is divided up into 13,288,914 shares. An amount of € 1.30 in the capital stock is attributable to each share. The associated rights and duties are regulated under 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 voting rights. 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 capital stock which exceed 10% of the voting rights
The Company has been notified of direct or indirect shareholdings of the capital stock 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 item 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 in the statement on capital stock in the Notes to the Financial Statements of the Parent Company.

Pursuant to Section 21 para. 1 sentence 1 German Securities Trading Act (WpHG), 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 governing the appointing and the dismissal of individual or all 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 of maximum respectively.

Amendments to the Articles of Association are possible as determined by the respective legal provisions (Sections 133, 179 German Stock Corporation Act (AktG)). Pursuant to Article 11 of the Articles of Association of Beta Systems Software AG, the Supervisory Board is authorized to make amendments which relate only 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 shares. In particular, the Management Board is currently not authorized to raise the share capital on the basis of authorized or contingent capital.
In accordance with the resolution passed on May 15, 2009, by the General Meeting of Shareholders, the Management Board is authorized to purchase and use own (treasury) shares pursuant to Section 71 para. 1 item 8 of the German Stock Corporation Act (AktG) and to exclude subscription and right of tender. The authorization is valid until November 14, 2010.

The Management Board is authorized to buy back the Company's own shares up to a maximum amount of 10% of the current capital stock. At no time may the shares purchased, together with other treasury shares in the possession of the Company or attributable to it under Sections 71a et. seq. of the German Stock Corporation Act (AktG), account for more than 10% of the capital stock. The purchase is to be carried out at the choice of the Management Board via the stock exchange or through an offer to purchase publicly addressed to all shareholders or by way of a public invitation to tender such offer.

Moreover, the Management Board is authorized to use the shares of the Company acquired based on this or an earlier authorization for all legally permissible purposes, especially the following and, in so doing, to exclude the subscription right of shareholders: The Management Board is authorized to retract the Company's shares, subject to approval by the Supervisory Board without further resolution by the Annual General Meeting, to sell the shares on the stock exchange, to offer the shares to third parties in the context of acquiring companies, parts of companies or participating interests in companies or industrial property rights, to offer such shares to shareholders for subscription based on an offer addressed to all shareholders in observance of the principle of equal treatment (Section 53a of the German Stock Corporation Act (AktG)) or in fulfillment of the rights of holders of convertible and option debentures issued by the Company or Group companies.

Material 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; no compensation arrangements for the event of takeover bids
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 report of the Management Board of Beta Systems Software Aktiengellschaft on information pursuant to Sections 289 para. 4 and 315 para. 4 German Commercial Code (HGB) in the Management Report on the Parent Company and the Management Report on the Group for the fiscal year 2009 will be submitted to the Annual General Meeting of Shareholders and can be viewed 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 also be on display at the Annual General Meeting.

12. EVENTS AFTER THE BALANCE SHEET DATE

Beta Systems takes of the product rights for rolmine from ipg
In January 2010, Beta Systems Software AG announced that it was taking over all property rights to rolmine, a product of its Swiss partner ipg AG, a transaction which it views as a strategic investment in a future-oriented Identity and Access Management (IAM). The acquisition costs come to k€ 600, plus earn-out payments depending on future revenues. rolmine synchronizes existing authorization information from systems and applications with a company's constantly evolving organization structures. In this process, rolmine creates, analyzes and maintains clusters of similar access rights, so-called roles, within a company and is thus an important fundament underpinning innovative and audit-compliant Identity Access Management in large enterprises.

Spin-off of Beta Systems ECM Solutions GmbH
The spin-off of the ECM business to form Beta Systems ECM Solutions GmbH has been completed upon becoming effective following the entry of the company into the Commercial Register of the District Court of Charlottenburg, Berlin, on March 1, 2010.
For more information on the spin-off of the ECM solution business please see the section on Business Performance.

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

In 2009, Beta Systems delivered an EBIT of € 1.4 million and thus a positive consolidated result for the third year in a row. The Company achieved this result through its recent acquisition of the DETEC companies and SI Software Innovation GmbH and the associated integration of new products into its portfolio, through its concentration on the high-margin software license business (above all in the IdM LoB), through placing new innovations in the market, and through the ongoing development of the Agility products, as well as stringent cost management. However, the marked reluctance to invest in the ECM solutions business owing to the difficult economic environment caused revenues and the result within the Group to decline significantly in 2009.

In order to lift the level of revenues and to strengthen profitability in the long term, Beta Systems intends to follow the strategy it has adopted in the future as well and to build up its market position in the infrastructure (DCI/IdM LoBs) and in the ECM solutions businesses. The impact of global financial crisis on these two divisions varied: The infrastructure business remained stable whereas, in contrast, the ECM solutions business was hard hit by the crisis as its main customers, which are banks and insurance companies, held back on investment activities, postponed projects and exerted more pressure on pricing.

The Company believes there are new growth prospects in the infrastructure business inherent in successful sale of newly acquired product suites and in its own innovations. Beta Systems also believes that there is upside potential in the ECM solutions business through the successful signing of contracts postponed in 2009 and ongoing internationalization, along with the entry envisaged into the outsourcing services business with document-based business processes. Information on the general economic conditions anticipated is included in Section 2. Economic Environment.

Moreover, in the wake of the significant decline in revenues and performance, a package of measures was approved the focus of which is the restructuring and realigning of the ECM solutions business, along with short-term cost savings. In this strategic realignment, basically all options cited under Section 3 Business Performance, 3.2 Spin-off of Beta Systems ECM Solutions GmbH will be investigated equivalently, especially in the field of mergers and acquisitions and, if appropriate, implemented swiftly in the fiscal year 2010.

In tandem with commitment to raising the level of revenues, Beta Systems plans to build in more flexibility into and adjust its cost base in order to secure positive results and margins on a sustainable basis. 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. Based on the Company's stable market position, strengthened by measures which include additions to the holdings portfolio, such as the takeover of the DETEC companies effective in 2009, Management anticipates that stabilization of revenues and the result is possible for both the Group and the Company in the current fiscal year. The Management Board expects revenues to recover overall in the year 2010 in the wake of an easing of the investment backlog. The Management Board is currently working on a number of different concepts for the future realignment. There are currently no specific options for action available at present. On the back of the measures, due to be conclusively defined in the first half of the year, in conjunction with cost adjustments effective at short notice (including the selective introduction of short-time work in the ECM LoB), profit in 2010 will stabilize at the level of the reporting year, with significant increases in revenues and growth envisaged for the years 2011 and 2012.

14. DECLARATION OF THE MANAGEMENT BOARD PURSUANT TO SECTION 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 2009. The Deutsche Balaton Group comprises Deutsche Balaton Aktiengesellschaft, Heidelberger Beteiligungsholding AG, Delphi Unternehmensberatung GmbH and VV Beteiligungen Aktiengesellschaft.

Berlin, March 19, 2010

Gernot Sagl
Member of the Management Board

Final Statements/Disclaimer

This Annual 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 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 my 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 my 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 19, 2010

Gernot Sagl
Member of the Management Board

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 2009. The Management Board informed the Supervisory Board at 14 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 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 supervised 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, also 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, the internal control and risk management system relevant for the accounting process, and compliance. We were an integral part of the internal monitoring system within the Beta Systems Group through our supervision activities carried out independently of processes and were particularly concerned with monitoring the accounting process, including reporting, the effectiveness of the internal control system, of risk management and of the internal audit system, of compliance as well as of the annual financial statements audit.
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 transactions significant for 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 to major competitors of the Company.

Key points of consultation
In the fiscal year 2009, the Supervisory Board met to confer on a broad range of issues. In the first half of the year, issues of special importance included the discussion of current sales undertakings, measures to raise profitability on a sustainable basis, and widening the scope of growth opportunities for the whole Group as well as individual business lines. A special topic of consultation was the future strategic direction of the Enterprise Content Management (ECM) business. Items on the agenda included approval given to the signing of the control and profit transfer agreement between Beta Systems Software AG and SI Software Innovation GmbH and the assessment of the current risk position in financial terms, including the capital base of the Company.

In the second half of 2009, the meetings of the Supervisory Board concentrated on the analysis of business performance in 2009 and the medium-term planning submitted and explained by the Management Board for the financial years from 2010 to 2012, including the product and market strategies and the risk management system, the monitoring of the internal control and risk management system relating to the accounting process, as well as the impact of the German Accounting Law Modernization Act (BilMoG) on auditing activities. Beyond this, the Management Board kept the Supervisory Board informed of progress made in the integration of the acquired companies of SI Software Innovation GmbH and the DETEC companies.

In addition, the Supervisory Board discussed the Half-yearly Report 2009 and the Three- and Nine-month Report 2009 with the Management Board prior to their publication in accordance with Code Item 7.1.2 of the German Corporate Governance Code. The Supervisory Board conferred on adjusting and creating effective, new corporate governance mechanisms and standards.

The Supervisory Board authorized the Management Board to found ECM Solutions GmbH (now: Beta Systems ECM Solutions GmbH). Moreover, it gave its approval to the spin-off of the ECM line of business from Beta Systems Software AG to ECM Solutions GmbH (now: Beta Systems ECM Solutions GmbH), as well as for the convening of an Extraordinary Meeting of Shareholders associated with this transaction.

Former Chief Executive Officer Kaymar Niroumand was relieved of his duties and his employment contract terminated for an important reason by way of resolution dated July 18, 2009, passed by the Supervisory Board. Mr. Niroumand is charged with a breach of duties in connection with the transfer to a third party of rights to software. A case has been lodged with the District Court of Berlin contesting the validity of the dismissal and termination of contract. The Supervisory Board assumes that the dismissal and immediate termination of the employment contract is valid. The Supervisory Board has so far refrained from asserting claims against Mr. Niroumand for damage arising in connection with the transactions. As soon as whether and in what amount the Company has sustained loss has been ascertained the Supervisory Board will make its duty-bound decision on asserting claims against Mr. Niroumand.

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 Corporate Governance Statement and in the Corporate Governance Report which is part of the 2009 Annual Report. 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 3, 2009. The declaration is included in the section on Annual Corporate Governance Statement and Corporate Governance Report in the 2009 Annual Report 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 a review of the efficiency of the Supervisory Board's work. In its meeting on December 3, 2009, 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 Software AG has complied and will continue to comply – apart from a few exceptions – with all recommendations of the Government Commission of the German Corporate Governance Code in the versions of June 18, 2009, published in the German Federal Gazette on August 5, 2009, and of June 6, 2008, published in the German Federal Gazette on August 8, 2008.

Personnel Committee and Business Committee

The Personnel Committee is made up of three persons and confers on the appointment of Board members. It 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 3, 2009, 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 Software AG 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 of Beta Systems Software AG for the fiscal year 2009 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 the DETEC companies, the testing of goodwill and other intangible assets for impairment, as well as reporting on the Company. 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 25, 2010 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 on the Group and the Parent Company. In its meeting on March 25, 2010, the Supervisory Board ratified the annual financial statements, drawn up by the Management Board and audited by KPMG AG, and the Combined Management Report on the Group and on Beta Systems Software AG for the fiscal year 2009, which are hereby adopted.

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 Combined Management Report on the Group and the Parent Company. The Supervisory Board also approved the Consolidated Financial Statements prepared by the Management Board in its meeting on March 25, 2010, 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 for the fiscal year 2009 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 Act (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 2009:

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 25, 2010, 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 Software AG for their commitment throughout the fiscal year 2009.

Berlin, in March 2010

On behalf of the Supervisory Board

Sebastian Leser
Chairman of the Supervisory Board

AUDITORS' REPORT

We have audited the Consolidated Financial Statements prepared by the Beta Systems Software Aktiengesellschaft, comprising the Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Shareholders' Equity and the Notes to the Consolidated Financial Statements, together with the Combined Management Report on the Group and the Parent Company for the business year from January 1, 2009 to December 31, 2009.

The preparation of the Consolidated Financial Statements and the Combined Management Report on the Group and the Parent Company in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a para. 1 German Commercial Code (HGB) are the responsibility of the Parent Company's management.

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Combined Management Report on the Group and the Parent Company based on our audit. We conducted our audit of the Consolidated Financial Statements in accordance with Section 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the Consolidated Financial Statements in accordance with the applicable financial reporting framework and in the Combined Management Report on the Group and the Parent Company are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Consolidated Financial Statements and the Combined Management Report on the Group and the Parent Company are examined primarily on a test basis within the framework of the audit.

The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in 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 Combined Management Report on the Group and the Parent Company. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the Consolidated Financial Statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a para. 1 German Commercial Code (HGB) and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Combined Management Report on the Group and the Parent Company 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, 2010

KPMG AG
Wirtschaftsprüfungsgesellschaft

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

CONSOLIDATED FINANCIAL STATEMENTS

CONTENT

CONSOLIDATED STATEMENT OF INCOME

(Thousand €, except share data in €)	*Note*	2008 (audited)	2009 (audited)
Revenues		**90,439**	**81,106**
Product licenses		29,179	25,429
Hardware		6,215	3,094
Maintenance		40,533	40,569
Services		14,512	12,014
Cost of revenues		**40,769**	**37,222**
Gross Profit		**49,670**	**43,884**
Operating expenses		**43,225**	**42,500**
Selling expenses		22,501	21,597
General administrative expenses		7,903	7,681
Research and development expenses		13,796	14,017
Sundry income	*3*	(1,260)	(1,194)
Other expenses	*4*	285	399
Operating result		**6,445**	**1,384**
Finance result	*5*	**(494)**	**308**
Interest income		472	920
Interest expenses		(966)	(612)
Result before income taxes		**5,951**	**1,692**
Income taxes	*6*	(1,146)	(451)
Net Income for the fiscal period		**4,805**	**1,241**
Earnings per ordinary share			
Basic and diluted		**0.36**	**0.09**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousand €)	*Note*	12/31/07 (audited)	12/31/08 (audited)	12/31/09 (audited)
Current assets		**52,494**	**52,810**	**55,423**
Cash	*8*	3,176	1,822	1,986
Trade receivables	*9*	38,912	38,317	41,661
Construction contracts (POC)	*10*	4,878	4,676	5,514
Inventories	*11*	3,342	3,323	2,752
Other current assets	*12*	2,186	4,557	3,168
Current income taxes		0	115	342
Non-current assets		**16,914**	**18,170**	**21,567**
Property, plant & equipment	*13*	4,202	3,197	2,315
Goodwill	*14*	1,522	2,029	5,403
Other intangible assets	*15*	768	2,490	2,582
Acquired software product rights	*16*	1,599	2,408	2,574
Deferred tax assets		7,644	7,295	7,848
Other non-current assets	*17*	1,179	751	846
Total assets		**69,408**	**70,980**	**76,990**
Current liabilities		**33,351**	**28,225**	**32,179**
Short-term debt	*19*	7,589 *	7,120 *	13,188
Trade payables		6,522 *	6,678 *	3,206
Deferred income	*20*	7,207	6,876	7,166
Current income taxes	*21*	202	0	0
Advanced payments received (POC)		290	160	0
Provisions		369	0	0
Other current liabilities	*22*	11,172 *	7,391 *	8,619
Non-current liabilities		**12,344**	**14,168**	**15,069**
Long-term debt	*23*	639 *	1,675 *	1,735
Employee benefits	*24+25*	2,921	2,922	3,030
Deferred tax liabilities		7,238	8,812	9,803
Other non-current liabilities		1,546	759	501
Total liabilities		**45,695**	**42,393**	**47,248**
Shareholders' equity	*28*	**23,713**	**28,587**	**29,742**
Share capital		17,276	17,276	17,276
Capital reserve		10,709	10,709	10,709
Retained earnings (losses)		(4,950)	(145)	1,096
Other comprehensive income		1,097	1,166	1,080
Treasury shares		(419)	(419)	(419)
Total liabilities and shareholders' equity		**69,408**	**70,980**	**76,990**

See accompanying Notes to the Consolidated Financial Statements.

* including reclassifications (for details refer to the »Notes on the Statement of Income and on assets and liabilities«)

CONSOLIDATED STATEMENT OF CASH FLOWS

(Thousand €)	Q1 – Q4/2008 (audited)	Q1 – Q4/2009 (audited)
Net cash from operating activities	**2,357**	**(3,120)**
Net income for the fiscal period	4,805	1,241
Reconcilation from net income for the fiscal period to Net cash from operating activities:		
Depreciation and amortization	3,884	3,484
(Gain) loss on the disposal of property, plant & equipment, net	51	4
Finance result, net	494	(308)
Current tax (benefit) expenses	310	589
Deferred tax (benefit) expenses	835	(138)
Income taxes paid	(310)	(833)
Foreign currency gains (losses), net	589	269
Changes in assets and liabilities:		
(Increase) decrease in trade receivables	595	(2,651)
Increase (decrease) in trade payables	763	(3,472)
Increase (decrease) in deferred revenues	(1,497)	(780)
Changes in other assets and liabilities	(8,162)	(525)
Net cash used in investing activities	**(2,920)**	**(2,291)**
Acquisition of property, plant & equipment	(658)	(556)
Proceeds from the disposals of property, plant & equipment	397	0
Interest received	32	81
Advance payment on the acquisition of investments	(1,500)	0
Cash paid for Kleindienst settlement	0	(509) *
Proceeds from the disposal of assets held for sale	2,400	0
Cash paid for investments, net of acquired cash	(3,591)	(1,307)
Net cash used in financing activities	**(860)**	**5,661**
Net change in short-term debt	(1,112)	6,067
Procceeds from grant of long-term debt	2,425	1,000
Repayment of long-term debt	(2,000)	(940)
Interest paid	(173)	(466)
Increase (decrease) in cash	**(1,423)**	**250**
Effect of exchange rate fluctuations on cash	69	(86)
Cash at the beginning of the fiscal period	3,176	1,822
Cash at the end of the fiscal period	**1,822**	**1,986**

See accompanying Notes to the Consolidated Financial Statements.

* for more details refer to the Notes, »Contingent Liabilities«

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Q1 – Q4/2009 (audited) (Thousand €, except share data in number of shares)	Ordinary shares Number of shares issued	Ordinary shares Value	Capital reserve	Retained earnings (losses)	Exchange differences arising on translation of foreign operations	Total	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**	**24,132**	**(120,610)**	**(419)**	**23,713**
Net profit (loss) for the year	0	0	0	4,805	0	4,805	0	0	4,805
Other comprehensive income (loss)	0	0	0	0	69	69	0	0	69
Total comprehensive income (loss)	0	0	0	4,805	69	4,874	0	0	4,874
Balance as at December 31, 2008	**13,288,914**	**17,276**	**10,709**	**(145)**	**1,166**	**29,006**	**(120,610)**	**(419)**	**28,587**
Net profit (loss) for the year	0	0	0	1,241	0	1,241	0	0	1,241
Other comprehensive income (loss)	0	0	0	0	(86)	(86)	0	0	(86)
Total comprehensive income (loss)	0	0	0	1,241	(86)	1,155	0	0	1,155
Balance as at December 31, 2009	**13,288,914**	**17,276**	**10,709**	**1,096**	**1,080**	**30,161**	**(120,610)**	**(419)**	**29,742**

See accompanying Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousand €)	2008 (audited)	2009 (audited)
Net income for the fiscal period	**4,805**	**1,241**
Income and expenses recognized in equity	**69**	**(86)**
Exchange differences arising on translation of foreign operations	69	(86)
Total comprehensive Income for the year	**4,874**	**1,155**

See accompanying Notes to the Consolidated Financial Statements.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2009

GENERAL INFORMATION

Beta Systems Software Aktiengesellschaft (»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 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. It operates subsidiaries 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 bulk 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, irrespective 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 deployment of products of this LoB.

The business unit Identity Management (IdM) is geared towards serving 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, industryspecific solutions portfolio designed to optimize fully integrated document-based business processes within the sectors of 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.

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 applicable within the European Union.

On March 19, 2010, the Management Board of Beta Systems Software AG authorized the Consolidated Financial Statements for the fiscal year 2009 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.

Functional Currency

The Consolidated Financial Statements are prepared in euro thousand (k€). All amounts are commercially rounded to full k€. 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 Consolidated 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 on the date of the Consolidated Financial Statementsand reported amounts of revenues and expenses during the year under review. 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 the nature and carrying amounts of assets with inherent valuation risks made at the discretion 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	»Construction Contracts«
Note 11	»Inventories«
Note 12	Derivative financial instruments and blanket agreements with vendors 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«
Note 24	»Retirement Benefits«
Note 25	»Termination Benefits«
Note 31	»Contingent Liabilities«

Basis of Consolidation and Consolidation Methods

Beta Systems Software AG is the Parent Company. All companies 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 a 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, 2009.

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

Apart from Beta Systems Software AG as the Parent Company the Consolidated Financial Statements include 20 Group companies (2008: 18 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 Consolidated Financial Statements are in principal prepared on a historical cost basis. If a different measurement is applied to the assets and liabilities, this is explained in detail in the following.

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 IE 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 hand these construction contracts comprise the creation of made-to-order software through modification or further development of existing standard products and on the other construction contracts which comprise the combination of hardware, software licensing, maintenance and various services.

Revenues from these construction contracts are recognized pursuant to IAS 11 according to the progress of contractual fulfillment in accordance with the percentage-of-completion method POC), a method which addresses 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 on 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 on reporting date are set in relation 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 construction contracts (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 development of new software products or in 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.

Sundry Income / Other Expenses

Sundry income comprises gains on the disposal of fixed assets and financial assets, hedging instruments recognized through profit or loss and compensatory claims of the commercial agent for loss of clientele. 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 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 non-current receivables. 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 respectively receivable which are expected to result from the individual companies' taxable income respectively 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 of reporting date and are recognized at the 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 cited under Note 6 »Income Taxes«.

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 the 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 carried out at the closing exchange rate on the reporting date.

Trade Receivables

Trade receivables are stated at their amortized cost. The acquisition costs of trade receivables due for payment within twelve months from reporting date approximate their carrying value because of their short maturity. Receivables with long-term settlement terms are assessed on the basis of the present value of the expected future cash flows.

For trade receivables denominated in foreign currencies the closing exchange rate at reporting date is applied.

Construction Contracts

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 hand these construction contracts comprise the construction of made-to-order software through modification or further development of existing standard products and on the other construction contracts which comprise a combination of hardware, software licensing and various services.

The nature and the extent of the goods and services to be delivered accord 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 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 relation 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 construction contracts. 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 construction contract, the net excess is presented in the Statement of Financial Position under the position »Advanced payments reveived for construction contracts«.

Inventories

Inventories are stated at the lower value of the average acquisition costs and the net realizable value on 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, and 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 risks, certain derivative financial instruments in the form of foreign currency forwards are used. 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 prevaling 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 Income.

Property, Plant & Equipment

Property, plant and 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 lease 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 on 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 under »Sundry Income« and »Other Expenses« in the Statement of Income respectively.

Goodwill

Goodwill arises on a business combination and is 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 in 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 immediately 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 amortization on a straight-line basis. 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 embedded in the specific assets. Depreciation methods and useful lives are reviewed on each reporting date.

If there are indications according to IAS 36.12 that an asset may be impaired, on each reporting date the not fully amortized 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 or 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 net 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 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 the value which is determined at the time when the annual financial statements are compiled, on the basis of the best possible estimate. If the net 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.

Financial Debts

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, a number of employees are due to receive pension payments under certain conditions upon 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 under »Employee benefits«.

The actuarial gains and losses are distributed through 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 in the Statement of Income.

Termination Benefits

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

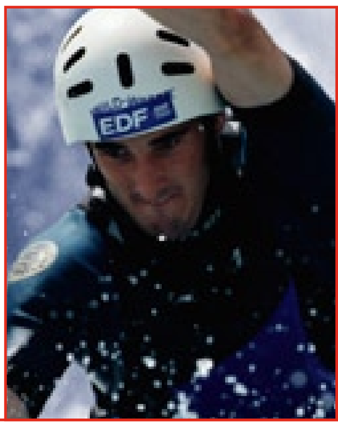
This includes both benefits due in respect of existing partial retirement employment agreements as well as provisions for the likely future claiming of benefits by potential claimants.

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 et seq. These assumptions are quoted under the Note 25. »Termination benefits«.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments of the Company consist of financial assets and liabilities including cash and cash equivalents, trade receivables and trade payables, assets held for sale, finance leasing and financial debts 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.

Financial Risk Management

The Group has exposure to the following risks 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 on 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 Management Report on the Group and the Parent Company«.

Full quantitative disclosures are included in these Consolidated Financial Statements under Note 27 »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 on 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 an asset, impairment is recorded for the 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 respectively 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.

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

Foreign Currency Translation

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 on the reporting date, while the revenues and expenses in the statement of incomes were translated using the appropriate average monthly foreign exchange benchmark rates.

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

		Exchange benchmark rate at December 31		Average exchange rate for the year	
Country	Currency unit	2008	2009	2008	2009
USA	USD 1 = €	0.715461	0.694440	0.683159	0.717650
Canada	CAD 1 = €	0.582751	0.662339	0.642008	0.630800
Great Britain	GBP 1 = €	1.041667	1.124860	1.257917	1.122090
Switzerland	CHF 1 = €	0.672948	0.673900	0.630546	0.662310
Sweden	SEK 1 = €	0.091617	0.097466	0.104164	0.094150
Nigeria	NGN 1 = €	0.005028	0.004579	0.005703	0.004748

Gains realized from continuing business transactions in foreign currency were recognized on a net basis in the position »Sundry income« in the statement of income and amounted to k€ 269 in 2009 (2008: gains, net, in the amount of k€ 589 in »Sundry income«).

Cumulative currency translation adjustments resulting from changes not affecting the statement of income were shown, net of the tax effect, as a separate component of »Other Comprehensive Income« in shareholders' equity.

Exchange differences arising on translation of foreign operations deferred in a seperate component of equity	**2008**	**2009**
Balance as at January 1	1,097	1,166
Gains on currency translation differences	1,049	517
Loss on currency translation differences	(973)	(601)
Other currency translation adjustments	(7)	(2)
Balance as at December 31	**1,166**	**1,080**

Shareholders' Equity

Deposits under the nominal value of ordinary shares are classified as equity. Incremental costs directly attributable to the issuing 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.

If 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 equity-settled share-based payment in accordance with the principles of IFRS 2.

A number of employees were granted options which entitle the holders to acquire ordinary shares at a previously determined fixed exercise price (USD1.00) on a certain exercise date determined by the allocation committee, but in no case later than 10 years from grant date. In the event that the share market price exceeds the exercise price on the exercise date, the 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 that share-based payments granted are regognized in the Statement of Income.

The total cost results from the multiplication of the fair value of the options on grant date by the expected number of options fulfilling the conditions. If the options can be exercised immediately on grant date without a vesting period, the costs are recognized immediately. If certain vesting conditions must be fulfilled before the options can be exercised, 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 described in the Note 26 »Stock Option Plans«.

NEW ACCOUNTING GUIDELINES

Amendments to existing and new IFRS and IFRIC, as applicable within the European Union, have been adhered to in the drawing up of the consolidated financial statements. Amendments to existing or new standards and interpretations issued prior to December 31, 2009, for application within the EU but not yet effective were not applied prematurely.

Standards and Interpretations to be applied in the Current Fiscal Year

IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements were amended by the IASB in May 2008. These amendments prescribe how first-time adopters should calculate and recognize the costs of purchasing shares in subsidiaries, jointly managed or associated companies similarly, the standards for recognizing dividends from subsidiaries, jointly managed or associated companies have changed. An entity shall apply these standards for annual periods beginning on or after January 1, 2009. There has been no effect from the mandatory application of these amendments on the presentation of the Group's net assets, financial position and result of operations.

The IASB published amendments to ***IFRS 2 Share-based Payment*** on January 17, 2008. The amendments clarify that vesting are service conditions and performance condition only. The amendments also specify that the rules pertaining to termination during the vesting period shall apply regardless of whether termination was made by the company or the employee. The European Union adopted the amendments to IFRS 2 on December 17, 2008. The amendments must be applied to reporting periods which begin on or after January 1, 2009. There has been no effect from application of these amendments on the presentation of the Group's net assets, financial position and result of operations.

The amendments published on March 5, 2009, by the IASB and adopted by the European Union on November 27, 2009, to ***IFRS 4 Insurance Contracts*** and ***IFRS 7 Financial Instruments***: ***Disclosures***, specify requirements for the measurement of fair value and the liquidity risk of financial instruments in more detail. The amendments must be applied to reporting periods which begin on or after January 1, 2009. In application of this amendment, Note 33 "Additional Information on Financial Instruments" has been included in the Notes on the Statements of Income and on the assets and liabilities.

The IASB published ***IFRS 8 Operating Segments*** on November 30, 2006. IFRS 8 supersedes the formerly applicable IAS 14 »Segment Reporting«. Under IFRS 8, apart from a few adjustments to terminology, the wording of the corresponding US American standard SFAS 131 was adopted in its entirety. The standard was adopted by the European Union on November 21, 2007, and is mandatorily applicable to the fiscal years commencing on or after January 1, 2009. The Company has prematurely applied this standard since its financial statements for the fiscal year 2007. Premature application resulted in less extensive reporting on the secondary segment, i.e. segment reporting by geographical region.

The IASB published the revised version of ***IAS 1 Presentation of Financial Statements*** on September 6, 2007. The amendments are intended to simplify the analysis and comparability of financial statements. The standard requires that changes in equity arising from transactions with equity holders acting in their capacity as equity holders and other changes in equity capital be disclosed separately. The statement of changes in equity only comprises details on transactions with shareholders as opposed to other changes in equity which are shown in total in the form of a statement derived for the individual components of equity. Moreover, the standard introduces a comprehensive statement of income in which all income and expense items in the income statement as well as all results-related components recorded under equity without effect on income are disclosed either in a single statement or in two interconnected statements. The European Union adopted the amendments to IFRS 1 on December 17, 2008. The revised standard is mandatorily applicable to financial statements drawn up on or after January 1, 2009. The application of the revised version has resulted in the notes to the Consolidated Financial Statements being supplemented through the addition of the »Consolidated Statement of Comprehensive Income« and the presentation of changes in the Group's equity.

The IASB published the revised version of ***IAS 23 Borrowing Costs*** on March 29, 2007. The main difference to the predecessor version is the rescinding of the right of the option to expense the borrowing costs associated with assets requiring a substantial period of time before they can be brought to a saleable condition. The European Union adopted the amendments to IAS 23 on December 10, 2008. The changed standards are mandatorily applicable to reporting periods beginning on or after January 1, 2009, and have been applied by the Company in the reporting period under review. The applications of these amendments have had no effect on the presentation of the Group's net assets, financial position and result of operations.

Amendments to ***IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Instruments and Obligations arising on Liquidation*** were published by the IASB in February 2008 with first-time application to the fiscal years beginning on or after January 1, 2009. The amendments make allowance to a limited extent for the classification of puttable financial instruments as equity provided they fulfil certain criteria. The European Union adopted IAS 32 in conjunction with IAS 1 on January 21, 2009. The application of the amendments in the current reporting year has no effect on the presentation of the Group's assets, financial position and result of operations.

On October 13, 2008, the IASB approved amendments to ***IAS 39 Financial Instruments: Recognition and Measurement*** and ***IFRS 7 Financial Instruments: Disclosures*** that will now allow a company to reclassify certain financial instruments in the class of financial instruments to be measured at fair value through profit and loss to other classes where valuation at amortized cost is carried out, along with impairment tests. The European Union adopted the amendments to IAS 39 and IFRS 7 on October 15, 2008. There has been no effect from application of these amendments since January 1, 2009, on the presentation of the Group's net assets, financial position and result of operations.

The International Financial Reporting Interpretation Committee published the interpretation of ***IFRIC 13 Customer Loyalty Programmes*** on June 28, 2007. Under this interpretation, loyalty award credits for customers must be accounted for as a separate component of the sales activities in the context of which they were granted. The European Union adopted the interpretation of IFRS 13 on December 16, 2008. IFRIC 13 is to be applied to the fiscal years beginning on or after July 1, 2008. The interpretation of IFRIC 13 is not relevant to the Group.

Premature Application of Standards and Interpretations

The Company does not apply existing or new standards and interpretations issued prior to December 31, 2009, for application within the EU but not yet effective.

Standards and Interpretations published but not yet applied

The following interpretations had been published and adopted by the European Union by the reporting date; application of these interpretations is, however, not yet mandatory:

The new version of ***IFRS 1 First-time Adoption of International Financial Reporting Standards***, published in November 2008 by the IASB and adopted by the European Union on November 25, 2009, is primarily intended to improve the structure of the existing standard, thereby simplifying its application. There are no changes in the content of the requirements placed on first adopters from the amendment. Amended IFRS 1 is to be applied to reporting periods starting on or after July 1, 2009. Earlier application is permitted. The application of these amendments is unlikely to have any effect on the accounting methods applied by the Group and the presentation of its net assets, financial position and result of operations.

The IASB published a revised version of ***IFRS 3 Business Combinations*** in January 2008. The standard introduces changes in the accounting treatment of business combinations which will have an impact on the amount of goodwill recognition, the results generated during the reporting period in which the company was acquired, and future results. The standard was adopted by the European Union on June 3, 2009, and is mandatorily applicable to the fiscal years beginning on or after July 1, 2009. The application of these amendments is unlikely to have any effect on the accounting methods applied by the Group and the presentation of its net assets, financial position and result of operations.

The IASB published a revised version of ***IAS 27 Consolidated and separate Financial Statements*** in January 2008. The new IAS 27 prescribes that changes in the ownership interest which do not incur loss of control must be accounted for as a transaction under equity. Such transactions may therefore result neither in goodwill nor in a profit or loss. Moreover, standards governing the distribution of loss to the owners of the parent company and investments without control and the accounting regulations for transactions incurring loss of control were changed.

The standard was adopted by the European Union on June 3, 2009, and is mandatorily applicable to the fiscal years beginning on or after July 1, 2009. The application of these amendments is unlikely to have any effect on the accounting methods applied by the Group and the presentation of its net assets, financial position and result of operations.

The amendments to ***IAS 32 Financial Instruments: Disclosures***, published by the IASB in October 2008 and adopted by the European Union on December 23, 2009, clarifies the accounting for certain subscription rights when the instruments issued are denominated in a currency other than the functional currency. The application of these amendments is mandatory for reporting periods beginning on or after February 1, 2010, and will have no effect on the presentation of the Group's net assets, financial position and result of operations.

In July 2008, the IASB published the revised version of ***IAS 39 Financial instruments: recognition and measurement – eligible hedged items*** which is applicable for the first time to fiscal years commencing on or after July 1, 2009. The amendment specifies how the principles under IAS 39 on recognizing hedging relationships are to be applied to the designation of a onesided risk in a hedged item and the designation of inflation risks as an underlying. The application of these amendments adopted by the European Union on September 15, 2009 is unlikely to have any effect on the accounting methods applied by the Group and the presentation of its net assets, financial position and result of operations.

The IASB published amendments to ***IFRIC9 and IAS 39*** in March 2009. These amendments pertain to the ***Reassessment of embedded Derivatives*** and their ***Recognition and Measurement***. The amendments, adopted by the European Union on November 30, 2009, are applicable to the fiscal years beginning on or after July 30, 2009. The amendments require a company to assess whether an embedded derivative must be separated from its underlying contract if a company reclassifies a hybrid financial asset in the class of financial instruments to be measured at fair value through profit and loss. The amendments are unlikely to have any effect on the accounting of the Group or the notes to the consolidated financial statements.

The International Financial Reporting Interpretation Committee published the interpretation of ***IFRIC 12 Service Concession Arrangements*** in November 2006. The interpretation provides guidelines on accounting for the infrastructure assets entrusted to the operator underlying such agreements. The various phases are defined more precisely and instructions given on how to recognize the respective expenses and revenues. The amendments, adopted by the European Union on March 25, 2009, are applicable to the fiscal years beginning on or after April 1, 2009. The application of these amendments is unlikely to have any effect on the accounting methods applied by the Group and the presentation of its net assets, financial position and result of operations.

The International Financial Reporting Interpretation Committee published an interpretation of ***IFRIC 15 Agreements for the Construction of a Real Estate*** in July 2008. This interpretation clarifies under which circumstances revenue from the construction of real estate is to be disclosed in the financial statements and whether a contract falls within the scope of application of IAS 1 or IAS 18. The amendments, adopted by the European Union on July 22, 2009, are applicable to the fiscal years beginning on or after April 1, 2009. The application of these amendments is unlikely to have any effect on the accounting methods applied by the Group and the presentation of its net assets, financial position and result of operations.

The International Financial Reporting Interpretation Committee published the interpretation of ***IFRIC 16 Hedges of a net Investment in a foreign Operation*** in July 2008. This interpretation provides a set of guidelines for accounting for hedging in a foreign currency of a net investment in a foreign operation. The amendments, adopted by the European Union on June 4, 2009, are applicable to the fiscal years commencing on or after July 1, 2009. The application of these amendments is unlikely to have any effect on the accounting methods applied by the Group and the presentation of its net assets, financial position and result of operations.

The International Financial Reporting Interpretation Committee published its interpretation of ***IFRIC 17 Distributions of Non-cash Assets to Owners***, in November 2008. This interpretation clarifies the recognition of distributions of non-cash assets to owners. The interpretation, adopted by the European Union on November 26, 2009, is applicable to reporting periods beginning on or after November 1, 2009. The application of these amendments is unlikely to have any effect on the accounting methods applied by the Group and the presentation of its net assets, financial position and result of operations.

The International Financial Reporting Interpretation Committee published its interpretation of ***IFRIC 18 Transfer of Assets from Customers***, in January 2009. This interpretation clarifies the requirements placed on accounting for the transfer of assets or cash payments from a customer for the construction or acquisition of an asset. The amendments, adopted by the European Union on November 27, 2009, are applicable to reporting periods beginning on or after November 1, 2009. The application of these amendments is unlikely to have any effect on the accounting methods applied by the Group and the presentation of its net assets, financial position and result of operations.

Improvements to IFRSs

In May 2008, the IASB published a collection of amendments to various IFRSs with the primary aim of eliminating inconsistencies and clarifying formulations. The European Union adopted these amendments on January 23, 2009. The amended standards, applicable on or after July 1, 2009, are unlikely to have any effect on the accounting methods applied by the Group and the presentation of its net assets, financial position and result of operations.

SEGMENT REPORTING

SEGMENT REPORTING ACCORDING TO OPERATING SEGMENTS

The segmentation comprises the allocation of reportable data according to the operating segments of the Company.

The operating 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 Company's operating segments are defined as 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 solution-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 LoBmanagement 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. At the same time the internal cost allocation of the functional areas is applied – this allows for a fair allocation according to the input involved allocation of the costs for the functional areas sales and service. The LoB manager is responsible for the global success of the respective 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.

Inter-segment sales are transacted on the basis of the arm's length terms and conditions.

Costs of revenues and operating expenses incurred by the business segments, but for historical reasons not directly allocable to these, are shown in the column »Clearing« in the following table.

Operating segments Q1 – Q4/2008	DCI	IdM	ECM	Clearing	Total
Revenues with customers	40,468	9,302	40,669	0	90,439
... Intersegment revenues	68	26	0	(94)	0
Total revenues	**40,536**	**9,328**	**40,669**	**(94)**	**90,439**
Cost of revenues and operating expenses of the operating segments	(19,348)	(8,955)	(33,522)	0	(61,825)
Segment income (loss) for the year	**21,188**	**373**	**7,147**	**(94)**	**28,614**
Interest income	472	0	0	0	472
Interest expenses	0	0	(966)	0	(966)
Capital investment expenditures for fixed and intangible assets	(4,617)	(234)	(1,018)	0	(5,869)
Total carrying amount of segment assets	43,445	9,998	17,537	0	70,980
Segment liabilities	27,261	6,273	8,859	0	42,393
Scheduled depreciation and amortization	(1,750)	(398)	(1,736)	0	(3,884)
Operating segments Q1 – Q4/2009	**DCI**	**IdM**	**ECM**	**Clearing**	**Total**
Revenues with customers	39,535	12,725	28,846	0	81,106
... Intersegment revenues	0	0	0	0	0
Total revenues	**39,535**	**12,725**	**28,846**	**0**	**81,106**
Cost of revenues and operating expenses of the operating segments	(22,147)	(9,860)	(27,535)	0	(59,542)
Segment income (loss) for the year	**17,388**	**2,865**	**1,311**	**0**	**21,564**
Interest income	696	224	0	0	920
Interest expenses	(110)	(37)	(466)	0	(612)
Capital investment expenditures for fixed and intangible assets	(6,489)	(181)	(411)	0	(7,082)
Total carrying amount of segment assets	44,909	14,454	17,627	0	76,990
Segment liabilities	30,627	9,858	6,763	0	47,248
Scheduled depreciation and amortization	(2,032)	(654)	(798)	0	(3,484)

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.

In the context of the spin-off of the ECM business the assets and liabilities were restructured. This process affected the allocation to the business segments as well. The respective comparative amounts are reclassified. Details are given in Note 36 »Events after Balance Sheet Date«.

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 by acquiring 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 operating segment.

As, for purposes of internal reporting and steering of the Company, not all costs are allocated to the operating results of the LoBs, for instance certain cost of revenues, general administrative expenses as well as sundry income and other expenses, a reconciliation of the results of the operating segments to the Company's consolidated totals is as follows:

Reconciliation to Beta Systems' consolidated result	**Q1 – Q4/ 2008**	**Q1 – Q4/ 2009**
Total segment income for the year	28,614	21,564
Unallocated overhead costs	(23,144)	(20,976)
Sundry income	1,260	1,194
Other expenses	(285)	(399)
Operating result	**6,445**	**1,384**
Finance result	(494)	308
Result before income taxes	**5,951**	**1,692**
Income taxes	(1,146)	(451)
Profit for the fiscal year	**4,805**	**1,241**

The analysis of sales revenues by 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 on reporting date are as follows:

Information about Geographics Q1 – Q4/2008	**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	0	0	0	2,922
Information about Geographics Q1 – Q4/2009	**Germany**	**Other Europe**	**America**	**Africa and RoW**	**Total**
Total revenues, as disclosed	48,458	23,233	5,548	3,866	81,106
Non-current assets excluding deferred tax assets	12,935	112	599	73	13,720
Deferred tax assets	7,044	4	742	57	7,848
Employee benefits	3,030	0	0	0	3,030

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« which is part of the »Combined Management Report on the Group and the Parent Company«.

NOTES ON THE STATEMENTS OF INCOME AND ON ASSETS AND LIABILITIES

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

Through an agreement signed on February 25, 2008, effective as of January 1, 2008, Beta Systems Software AG 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 has 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 Federal Association of German Volksbanken and Raiffeisenbanken (BVR), GAD eG and FIDUCIA IT AG and their more than 900 affiliated companies 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 operating segment Data Center Infrastructure (DCI).

The purchase price comes to k€ 3,000 plus transaction costs amounting to k€ 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 k€ 981.

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

The acquisition date for purposes of initial consolidation was determined as 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€	Carrying amount	Revaluation	Market value
Goodwill	0	507	507
Other intangible assets	0	2,123	2,123
Acquired software product rights	0	1,941	1,941
Trade payables	0	(250)	(250)
Deferred tax liabilities	0	(1,145)	(1,145)
Cash	409	0	409
Property, plant & equipment	122	0	122
Current liabilities	(852)	0	(852)
Assets held for sale	2,400	0	2,400
Liabilities held for sale	(1,255)	0	(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 k€ 4,868 to revenues in the reporting period, and a net profit of k€ 1,109 to the net result. A domination and profit transfer agreement with Beta Systems Software AG was signed by SI GmbH in 2009.

2. ACQUISITION OF DETEC COMPANIES, RUESSELSHEIM

Through an agreement signed on December 22, 2008 effective as of January 1, 2009, Beta Systems Software AG acquired 100 % of the shares in DETEC Decision Technology Software GmbH (»DETEC GmbH«) and DSP DETEC Software Products GmbH (»DSP GmbH«), both located in Ruesselsheim. 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.

The purchase price amounts to k€ 4,749. The investment was financed through the Company's own funds and borrowings.

The acquisition date for purposes of initial consolidation is January 1, 2009. The allocation of the purchase price accordance with IFRS 3 was recognized as follows:

DETEC Companies, Ruesselsheim Purchase Price Allocation, in T€	Carrying amount	Revaluation	Market value
Goodwill	0	2,864	2,864
Product rights	0	1,181	1,181
Customer base	0	983	983
Deferred tax liabilities	0	(649)	(649)
Cash	1,736	0	1,736
Property, plant & equipment	144	0	144
Other current receivables and liabilities	(440)	0	(440)
Deferred income	(1,070)	0	(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 k€ 4,556 and a profit of k€ 407 to the consolidated result.

3. SUNDRY INCOME

The sundry income is composed of:

Sundry income	2008	2009
Gain from foreign currency translations, net	589	269
Income from the reversal of provisions and liabilities	154	7
Gain on disposal of property, plant & equipment	70	7
Income from insurance claims	0	49
Income from other operating taxes	308	0
Compensatory claim of the commercial agent for loss of clientele	0	480
Other income	139	382
Total	**1,260**	**1,194**

4. OTHER EXPENSES

The other expenses are composed of:

Other expenses	2008	2009
Loss on disposal of property, plant & equipment	(21)	(16)
Loss from other operating taxes	(96)	(97)
Sundry expenses	(168)	(286)
Total	**(285)**	**(399)**

5. FINANCE RESULT

During the reporting period the interest income of k€ 920 exceeds the interest expense of k€ 612 delivering a positive finance result of k€ 308 (2008: interest income k€ 472, interest expense k€ 966, negative finance result of k€ 494).

The above figures doe not include any interest income or interest expenses in respect of financial assets and financial 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:

Result before income taxes	2008	2009
Germany	3,956	1,618
Abroad	1,995	74
Total	**5,951**	**1,692**

The income tax expenses are attributable as follows:

Income tax expense	2008	2009
Current taxes		
Germany	(528)	78
Abroad	838	511
	310	**589**
Deferred taxes		
Germany	640	168
Abroad	196	(306)
	836	**(138)**
Total	**1,146**	**451**

A reconciliation of income taxes determined using the German federal statutory rate plus the federal trade taxes for a combined statutory rate of 30.0% is as follows:

Income tax expense	2008	2009
Expected tax expenses	1,762	508
Non-deductible operating expenses	0	738
Unrealized losses of the current fiscal year	242	3,055
Taxes prior years	(1,082)	0
Usage of uncapitalized tax loss carryforward	0	(3,290)
Foreign tax rate differences	74	(43)
Non-taxable dividends	0	(388)
Other	150	(129)
Total	**1,146**	**451**
Effective corporate tax rate	**19.5%**	**36.8%**

Deferred income tax assets and liabilities are summarized as follows:

Deferred taxes according to Statement of Financial Position	12/31/08	12/31/09
Balance sheet item		
Accumulated net operating losses	6,398	7,467
Property, plant & equipment	11	27
Pension obligations	195	199
Unrealized foreign currency losses	551	0
Deferred expenses	140	155
Deferred tax assets	**7,295**	**7,848**
Balance sheet item		
Trade receivables	(6,068)	(6,938)
Customer base	(621)	(626)
Capitalized software development costs	(413)	(672)
Deferred revenues	(9)	(1)
Construcion contracts (POC)	(753)	(820)
Property, plant & equipment	(25)	(3)
Other liabilities	(923)	(743)
Deferred tax liabilities	**(8,812)**	**(9,803)**
Total	**(1,517)**	**(1,955)**

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 k€ 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 k€ 7,467 (2008: k€ 6,398) apply to Beta Systems Software AG (Parent Company) in the amount of k€ 7,173 (2008: k€ 6,103) and to Beta Systems Software of North America, Inc. in the amount of k€ 294 (2008: k€ 294). For the Parent Company accumulated net corporate operating losses in the amount of k€ 18,436 (2008: k€ 18,436) and accumulated net trade losses in the amount of k€ 28,107 (2008: k€ 21,044) were assumed.

Only accumulated net operating losses wbased on taxable timing differences are recognized.

The Company currently considers accumulated net corporate operating losses in Germany in the amount of k€ 28,819 (2008: k€ 35,981) and accumulated net trade losses in the amount of k€ 29,560 (2008: k€ 29,619) as not realizable. The deferred tax assets would amount to k€ 9.041 (2008: k€ 10,135).

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 k€ 1,672 (2008: k€ 1,672) and in Canada in amount of k€ 0 (2008: k€ 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

Earnings per ordinary share are 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. There are no option rights to the purchase of new ordinary shares, which would influence the net earnings per ordinary share.

Earnings per share	2008	2009
Weighted average number of ordinary shares outstanding, basic and diluted	13,168,304	13,168,304
Profit for the year attributable to the shareholders of the parent company in T€	4,805	1,241
Earnings per ordinary share € per ordinary share, basic and diluted	**0.36**	**0.09**

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 of ordinary shares outstanding		2008	2009
	Days in circulation		
Balance as at December 31, 2008	366	13,168,304	
Balance as at December 31, 2009	365		13,168,304
Total		**13,168,304**	**13,168,304**

8. CASH

Cash comprises cash on hand in the amount of k€ 4 and demand deposits held at banks in the amount of k€ 1,982.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are explained in Note 27 »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. In principle, 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; all in all the trade receivables portfolio is not burdened 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 k€ 16,086 (2008: k€ 16,802). The interest rate applied is 5.0 % p.a. (2008: 5.0 % p.a.).

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

Trade receivables due > 12 months	12/31/08	12/31/09
2010	8,077	0
2011	4,370	7,542
2012	2,851	5,353
2013	1,504	2,565
2014	0	612
2015	0	13
Total	**16,802**	**16,086**

The Group's exposure to credit and currency risks and impairment losses related to trade receivables are given in Note 27 »Financial Risk Management«.

10. CONSTRUCTION CONTRACTS

Construction contracts	12/31/08	12/31/09
Capitalized revenues of current contracts	8,823	9,040
Progress payments received	(4,147)	(3,526)
Total	**4,676**	**5,514**

The construction contracts are recognized in the Statement of Financial Position during the construction phase at production costs, including the margin. The total of the item »Construction Contracts« includes the following calculated capitalized income:

Capitalized income of current contracts	2008	2009
Capitalized revenues of current contracts	8,823	9,040
Total costs accrued i.r.o. current contracts	(5,958)	(5,910)
Total	**2,865**	**3,130**

In 2009, the recorded income statement related revenues of the construction contracts amounts to k€ 10,223 in total (2008: k€ 17,459).

Accounting estimates used in the measurement of the construction contracts 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 reliably determinable market values for the procurement of necessary hardware.

On reporting date, construction contracts for which advance payments and progress payments in excess of the values for which revenues have been recognized were received, respectively for which the construction phase has not yet begun did not exist (2008:k€ 160).

The construction contracts reported as on December 31, 2009 will presumably be completed within one year.

11. INVENTORIES

Inventories (total carrying amount)	12/31/08	12/31/09
Production supplies and materials	4,181	4,535
Finished goods	301	48
	4,482	**4,583**
Write-down of inventories	(1,159)	(1,831)
Total	**3,323**	**2,752**

The gross value of the value-adjusted inventories amounts to k€ 2,373 (2008: k€ 1,371).

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 an amount of k€ 4,007 in the cost of revenues (2008: k€ 6,567).

12. OTHER CURRENT ASSETS

Other current assets	12/31/08	12/31/09
Prepaid expenses & deferred charges	2,204	1,718
Derivative financial instruments	(180)	0
Foreign sales tax benefit	192	188
Advance payment for acquisition of investments	1,500	0
Sundry current assets	841	1,262
Total	**4,557**	**3,168**

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. In 2009 all mentioned contracts were processed.

To hedge foreign currency risks of estimated USD receivables in 2010 the Company entered into new foreign currency forward contracts in a total volume of kUSD 2,050. The Company is going to sell USD for Euros on the respective date of maturity. To hedge the foreign currency risks of estimated CAD payables in 2010 new foreign currency forward contracts in a total volume of kCAD 1,500 were entered. The Company is going to buy CAD for Euros on the respective date of maturity. The fair value of both kinds of contracts at December 31, 2009 is k€ 0 (2008: k€ -180).

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 given in Note 27. »Financial risk management«.

Blanket agreements with vendors

Essentially the other current assets include advance payments to vendors based on contracts which include the right but also the obligation of the Company to call up specific customer licenses.

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

Property, plant & equipment (net)	12/31/07	12/31/08	12/31/09
Acquisition costs			
Computer equipment	18,762	17,224	17,525
Leasehold improvements	1,914	1,916	1,929
Facilities and office equipment	4,096	3,696	3,856
Total acquisition costs	**24,772**	**22,835**	**23,310**
Accumulated depreciation	(20,570)	(19,638)	(20,995)
Total	**4,202**	**3,197**	**2,315**

In the context of the spin-off of the ECM business the property, plant and equipment was restructured. The respective comparative amounts are reclassified.

Scheduled depreciation expenses were charged to the Statement of Income as follows:

Depreciation of property, plant & equipment	2008	2009
Cost of Revenues	231	147
Selling Expenses	210	161
General & Administrative Expenses	651	710
Research & Development Expenses	645	528
Total	**1,737**	**1,545**

The Company acquired computer and office equipment under a number of finance lease agreements which are explained in note 18 »Finance leasing«. As on December 31, 2009, the net carrying amount of equipment subject to finance leasing was k€ 358 (2008: k€ 544).

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, is presented in the table »Development of the Group's Fixed and Intangible Assets«.

14. GOODWILL

Goodwill (net)	12/31/08	12/31/09
Acquisition costs	2,029	5,403
Accumulated amortisation	0	0
Total	**2,029**	**5,403**

To improve the given information in the Consolidated Financial Statements, the classification of goodwill was adjusted. The respective comparative amounts were changed as well.

The acquisition costs are composed as follows:

Acquisition costs of goodwill				12/31/08	12/31/09
Acquired business	Business segment	Type of acquisition	Year		
Kleindienst Datentechnik AG	ECM	Share Deal	2004	1,522	2,031
SI Software Innovation GmbH	DCI	Share Deal	2008	507	507
DETEC-Companies	DCI	Share Deal	2009	0	2,865
Total				**2,029**	**5,403**

More details are explained in Note 1 »Acquisition of SI Software Innovation GmbH, Neustadt an der Weinstrasse«, Note 2 »Acquisition of DETEC companies, Ruesselsheim« and Note 31 »Contongent liabilities«.

The measurement of goodwill is based on the following assumptions:

Key assumptions for the forecast 2008	Valuation	Capital interest rate	Revenue increase	Growth rate *
Budget period 2009 - 2013				
Acquired business				
Kleindienst Datentechnik AG	Impairment (IAS 36)	8.5%	1.5 to 5.0%	0.0%
SI Software Innovation GmbH	Impairment (IAS 36)	8.5%	6.0%	0.0%
Key assumptions for the forecast 2009	**Valuation**	**Capital interest rate**	**Revenue increase**	**Growth rate ***
Budget period 2010 - 2012				
Acquired business				
Kleindienst Datentechnik AG	Impairment (IAS 36)	9.5%	(1.0) to 5.0%	0.0%
SI Software Innovation GmbH	Impairment (IAS 36)	9.5%	3.0%	0.0%
DETEC-Companies	Initial recognition	9.5%	3.0%	0.0%

*) after budget period

The measurement of goodwill as on December 31, 2009 is based on the allocated estimated and discounted cash flows of the assets of the cash-generating units as mentioned. The recoverable amount of the assets is its value in use.

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 2009, on external market studies and on the expected general developments of future economic conditions.

Impairment testing as on December 31, 2009 did not result in a requirement to recognize any impairment loss in respect of goodwill.

The development of the carrying amounts from the beginning to the end of the reporting period is presented in the table »Development of the Group's Fixed and Intangible Assets«.

15. OTHER INTANGIBLE ASSETS

Other intangible assets (net)	12/31/08	12/31/09
Customer base and license rights		
Acquisition costs	4,484	5,469
Accumulated amortisation	(1,994)	(2,887)
Total	**2,490**	**2,582**

The acquisition costs comprise as follows:

Acquisition costs of other intangible assets				12/31/08	12/31/09
Acquired business	Business segment	Type of acquisition	Year		
Existing License Rights	DCI		before 2003	22	22
SYSTOR Security Solutions GmbH	IdM	Asset Deal	2003	735	735
Okiok Data	IdM	Asset Deal	2005	1,293	1,293
SI Software Innovation GmbH	DCI	Share Deal	2008	2,123	2,123
Proginet Corporation (USA)	IdM	Asset Swap	2008	311	302
DETEC-Companies	DCI	Share Deal	2009	0	994
Total				**4,484**	**5,469**

More details are explained in Note 1 »Acquisition of SI Software Innovation GmbH, Neustadt an der Weinstrasse« and Note 2 »Acquisition of DETEC companies, Ruesselsheim«.

The variance in the acquisition costs of the other intangible assets (aquired business: Proginet Corporation, USA) compared to the previous year results from a currency translation difference of k€ -9 (2008: k€ 0).

The scheduled amortization expense included in the operating expenses under the »Cost of revenues« in respect of the other intangible assets amounted to a total of k€ 887 in fiscal year 2009.

The Company didn't conduct any impairment test as on reporting date for its other intangible assets, because there wasn't any indication that the other intangible assets may be impaired.

The expected scheduled amortization expense for the next years for the other intangible assets is as follows:

Scheduled amortization of other intangible assets	
2010	863
2011	625
2012	625
2013	186
2014	140
Total	**2,440**

The development of the carrying amounts from the beginning to the end of the reporting period is presented in the table »Development of the Group's Fixed and Intangible Assets«.

16. ACQUIRED SOFTWARE PRODUCT RIGHTS

Acquired software product rights (net)	12/31/08	12/31/09
Acquired software product rights		
Acquisition costs	8,356	9,580
Accumulated amortization	(5,948)	(7,006)
Total	**2,408**	**2,574**

The acquisition costs comprise as follows:

Acquisition costs of acquired software product rights				12/31/08	12/31/09
Acquired business	Business segment	Type of acquisition	Year		
Existing Acquired Software Product Rights	IdM		before 2003	239	240
SYSTOR Security Solutions GmbH	IdM	Asset Deal	2003	2,136	2,134
Kleindienst Datentechnik AG	ECM	Share Deal	2005	3,730	3,730
SI Software Innovation GmbH	DCI	Share Deal	2008	1,941	1,941
Proginet Corporation (USA)	IdM	Asset Swap	2008	310	354
DETEC-Companies	DCI	Share Deal	2009	0	1,181
Total				**8,356**	**9,580**

More details are explained in Note 1 »Acquisition of SI Software Innovation GmbH, Neustadt an der Weinstrasse« and Note 2 »Acquisition of DETEC companies, Ruesselsheim«.

The variance in the acquisition costs of the acquired software product rights, compared to the previous year, results from a currency translation difference of k€ 43 (2008: k€ -10).

Amortization expenses related to the acquired software product rights amounted to k€ 1.052 in fiscal year 2009, included in total in the cost of revenues.

The Company didn't conduct any impairment test as on reporting date for its acquired software product rights, because there wasn't any indication that acquired software product rights may be impaired.

The expected scheduled amortization expense for the next years for acquired software product rights is as follows:

Scheduled amortization of acquired software product rights	
2010	756
2011	630
2012	628
2013	222
2014	169
Total	**2,405**

The development of the carrying amounts from the beginning to the end of the reporting period is presented in the table on »Development of the Group's Fixed and Intangible Assets«.

17. OTHER NON-CURRENT ASSETS

Other non-current assets	12/31/08	12/31/09
Cash surrender value of insurance policies	656	730
Guarantee deposits and other non-current assets	95	116
Total	**751**	**846**

The cash surrender value of the insurance policies was confirmed by the particular insurance companies. In fiscal year 2009, an amount of k€ 5 was received as redemption; in fiscal year 2010 the same amount of is expected to become due for repayment.

18. FINANCE LEASING

In the current reporting period the finance lease obligations were reclassified. The portions of the obligations which are due within twelve months are shown in the position »Short-term debt«, the portions due later are shown in »Long-term debt«. The respective comparative amounts were adjusted as well.

The total of finance lease obligations on reporting date is as follows:

Net present value of finance lease payments	12/31/08	12/31/09
current payments	209	190
non-current payments	425	235
Total	**634**	**425**

A finance leasing obligation resulted from the purchase of a telephone system in 2004 for k€ 141. The net 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 k€ 158. As on December 31, 2009 the remaining obligation in respect of the finance lease for the telephone system amounts to k€ 0. (2008: k€ 8, in total due for repayment in 2009).

During fiscal year 2005 a finance lease agreement was concluded with IBM for acquisition of mainframe computer equipment (Part I) in the amount of k€ 200. The lease arrangement is subject to interest at an average rate of 4.70% p.a. and matured 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 on December 31, 2009 the remaining obligation in respect of this acquisition amounts to a total of k€ 0 (2008: k€ 22, in total due in 2009).

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 on December 31, 2009 the remaining obligation in respect of this acquisition amounts to a total of k€ 425, inclusive of the portion due for repayment within the next 12 months in the amount of k€ 190 (2008: k€ 604, respectively k€ 178).

Scheduled depreciation in respect of these capitalized assets amounted as follows:

Depreciation of leased assets	2008	2009
Telephone system	32	8
IBM mainframe computer (part I)	36	18
IBM mainframe computer (part II)	159	159
Total	**227**	**185**

As on December 31, 2008 the carrying amount of the capitalized assets amounts as follows:

Leased assets (carrying amounts)	12/31/08	12/31/09
Telephone system	8	0
IBM mainframe computer (part I)	18	0
IBM mainframe computer (part II)	518	358
Total	**544**	**358**

Repayment terms for the Finance Leases are as follows:

Future Lease Payments	
2010	208
2011	208
2012	35
2013	0
Total	**451**
Less interest in 2010	(18)
Less interest in 2011 - 2013	(8)
Total present value of finance lease payments	**425**
Portion due ≤ 12 months	190
Portion due > 12 months	235

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 is described in Note 27. »Financial risk management«.

19. SHORT-TERM DEBT

During fiscal year 2008, the Company made use of operating credit facilities and finance leasing as described in detail as follows. Regarding the finance lease obligations please refer to the explanations in Note 18 »Finance leasing«.

Short-term debt	12/31/07	12/31/08	12/31/09
Advance Deutsche Bank AG	351	100	2,204
Advance Landesbank Berlin AG	2,642	3,028	3,643
Advance Berliner Volksbank eG	0	904	4,019
Advance Dresdner Bank AG	2,365	2,129	2,381
Current maturities of long-term debt	2,000	750	750
Short-term debt due to banks	**7,358**	**6,911**	**12,997**
Current finance lease obligations	231	209	190
Total	**7,589**	**7,120**	**13,187**

Short-term debt due to banks
As on December 31, 2009 the Company has total credit facilities available in an amount of k€ 14,500 (2008: k€ 12,500), k€ 12,000 of these facilities were closed until further notice. The residual and the current maturities of the long-term debt due to banking institutions are due within the next twelve months. The interest rate for these short-term debts ranges between 2.00 % p.a. and 7.75 % p.a.

A subordinate portion of trade receivables is pledged as collateral security for the short-term debts to Deutsche Bank AG, Landesbank Berlin AG and Berliner Volksbank eG.

The Group's exposure to interest rate and liquidity risks related to short-term debts is described in Note 27 “Financial risk management”.

20. 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.

21. CURRENT INCOME TAXES

Tax liabilities
The provisions for liabilities in respect of corporate income taxes amount to k€ 355 as on reporting date (2008: k€ 355).

Tax receivables
The receivables due in respect of corporate taxes amount to k€ 697 as on reporting date (2008: k€ 419).

22. OTHER CURRENT LIABILITIES

Other current liabilities	12/31/07	12/31/08	12/31/09
Other taxes and social security payables	1,609	1,526	1,937
Other current liabilities			
Deferred payroll and personnel expenses	7,776	5,400	4,593
Sundry current liabilities	1,787	465	2,090
Total	**11,172**	**7,391**	**8,619**

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

To improve the given information in the Consolidated Financial Statements, the order of outstanding invoices for goods and services was reclassified. According to IAS 37.11 they are now shown in the position »Trade payables«. The respective comparative amounts were adjusted as well.

Sundry current liabilities

The last partial payment in total of k€ 1,000 for the DETEC companies, due in Febrary 2010, is included in this position.

23. LONG-TERM DEBT

As on December 31, 2009, Beta Systems Software AG carries a balance in respect of its long-term debts as follows:

Long-term debt	12/31/07	12/31/08	12/31/09
Loan Deutsche Bank AG	0	500	750
Loan Landesbank Berlin AG	0	500	750
Loan Berliner Volksbank eG	0	1,000	750
Loan Dresdner Bank AG	2,000	0	0
Long-term debt (gross)	**2,000**	**2,000**	**2,250**
Current maturities of long-term debt	(2,000)	(750)	(750)
Long-term debt due to banks	**0**	**1,250**	**1,500**
Non-current finance lease obligations	639	425	235
Total	**639**	**1,675**	**1,735**

The maturities of all loans mentioned end on December 31, 2012. The interest rate for these debts ranges between 6.00 % p.a. and 6.90 % p.a. In fiscal year 2009 the Company received k€ 1,000 as new loan disbursement out of the existing contracts. The following reductions are scheduled on the reporting date, the consistent repayments are due quarterly.

Scheduled reduction of loans		2010	2011	2012
Bank	Balance of loan December 31, 2009			
Loan Deutsche Bank AG	750	250	250	250
Loan Landesbank Berlin AG	750	250	250	250
Loan Berliner Volksbank eG	750	250	250	250
Total reduction per annum		**750**	**750**	**750**
Balance of loans	**2,250**	**1,500**	**750**	**0**

A first-class portion of trade receivables is pledged as collateral security for the short-term debts to Deutsche Bank AG, Landesbank Berlin AG and Berliner Volksbank eG.

Regarding the finance lease obligations please refer to the explanations in Note 18 »Finance leasing«.

The Group's exposure to interest rate and liquidity risks related to borrowings is explained in Note 27. »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 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 partially cover its pension obligations. The cash surrender value of these policies, k€ 730 (2008: k€ 656), is included under the position »Other non-current assets«. The Company anticipates increasing its contributions by k€ 21 in fiscal year 2010 (2009: k€ 21) to fund the future plan obligations.

A general pension scheme exists for several former employees of the former 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 on December 31, 2008 are based on the following assumptions:

Actuarial assumptions	12/31/08	12/31/09
Interest rate	6.04 %	5.25 %
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, salaryindependent pension components in the amount of k€ 2.76 for each year of service after the completed age of 30 years.

A reconciliation of the balances of the net 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:

Projected benefit obligations	12/31/08	12/31/09
Projected benefit obligations at the beginning of the year	1,666	1,626
Periodic pension costs		
Interest cost on projected benefit obligations	89	97
Actuarial (gains) losses	(133)	152
Current service cost for the fiscal year	25	21
Actual pension payments during the fiscal year	(21)	(25)
Summe	**1,626**	**1,871**

On reporting date there do not exist neither differences resulting of the initial recognition of the benefit obligations, nor any prior service costs (2008: k€ 0).

The current service cost is recognized through profit or loss and is included in the general & administrative expenses in the Statement of Income; the interest expenses are contained in the finance result. During fiscal year 2009 actuarial gains or losses were recognized through profit or loss in total of k€ 40 (2008: k€ 25).

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

Projected benefit obligations	
2005	1,907
2006	1,890
2007	1,666
2008	1,626
2009	1,871

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

Provision for pension obligations	12/31/08	12/31/09
Projected benefit obligations at the end of the year	1,626	1,871
Unrecognized actuarial gains	561	369
Total	**2,187**	**2,240**

Unrecognized actuarial gains are caused by differences between actuarial assumptions and the effective development. Prior service costs are not included in this position.

The valuation of the obligations as on December 31, 2009 was determined by an independent actuarial expert.

Defined contributions into the statutory pension insurance in the amount of k€ 2,395 were recognized as an expense during fiscal year 2009 (2008: k€ 2,359).

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 k€ 790 (2008: k€ 735) are included in »Employee benefits«.

The obligations of the commitment legally come into force with the conclusion of a partial retirement agreement which results of the aftermath of collective labor agreements. 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 on December 31, 2009:

Actuarial assumptions	12/31/08	12/31/09
Interest rate	6.33%	3.44%
Salary increases	2.00%	2.00%

The biometrical decrements applied are based on the »Richttafeln 2005 G von Klaus Heubeck«.

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

Defined benefit obligations i.r.o. termination benefits	12/31/08	12/31/09
Defined benefit obligations i.r.o. termination benefits at the beginning of the year	798	735
Allocation of top-up amounts and settlement arrears	275	303
Benefits paid	(330)	(241)
Reversals	(8)	(7)
Total	**735**	**790**

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 on reporting date, the Company could not recognize any claim for reimbursement.

There does not exist any voluntary works council agreement for partial retirement in the Company. Therefore there are not any other direct claims by employees for post-employment benefits against the employer.

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

26. 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 on December 31, 2009 a total of 112,372 options were issued to recipients in Europe at an exercise price of US$ 1.00 per option (2008: 117,052 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 on December 31, 2009 follows:

Weighted average exercise price in US-Dollar		2008		2009
	Number		Number	
Exercisable options at the beginning of the year	130,310	$1.00	117,052	$1.00
Options granted	0		0	
Options forfeited	(13,258)	$1.00	(4,680)	$1.00
Options excercised	0		0	
Exercisable options at the end of the year	**117,052**	**$1.00**	**112,372**	**$1.00**

The Company does not record any other unearned deferred compensation costs as on December 31, 2009.

27. 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 60 % (2008: 55 %) of its corporate revenues from business with domestic customers. The ten largest trade receivable inventories comprise a share of ca. 19 % (2008: 17 %) of the aggregate portfolio; of these, six have their principal place of business in Germany, in total nine in Europe. 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 corporations quoted in important stock indices like DAX, 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.

Facing the current economic conditions, 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. Weekly conducted overdue analysis 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 on reporting date:

Financial assets	12/31/08	12/31/09
Cash	1,822	1,986
Trade receivables	38,317	41,661
Derivative financial instruments	(180)	0
Total	**39,959**	**43,647**

The maximum exposure to credit risk as on reporting date for trade receivables was, by geographic regions, as follows:

Trade receivables	12/31/08	12/31/09
Domestic	20,625	26,239
Europe, excluding Germany	11,271	11,785
USA and Canada	2,286	1,976
Africa and the rest of the world	4,135	1,661
Total	**38,317**	**41,661**

The Group's ten largest trade receivables, contributed a share of the carrying amount of the trade receivables in the amount of k€ 7,967 as on December 31, 2009 (2008: k€ 6,628).

Valuation allowance

The aging of trade receivables due or past due as on reporting date was:

Trade receivables	December 31, 2008		December 31, 2009	
	Carrying amount	Valuation allowance	Carrying amount	Valuation allowance
Aging analysis				
Not yet due	22,127		23,780	
Due 0 - 30 days	14,009		16,701	
Past due 31 - 90 days	1,052		333	
Past due 91 - 180 days	475		614	
Past due 181 - 360 days	768	(114)	228	
Past due more than 365 days	385	(385)	299	(294)
Total	**38,816**	**(499)**	**41,955**	**(294)**

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

Valuation allowance	12/31/08	12/31/09
Beginning balance	(506)	(499)
Allocation to valuation allowance	(183)	(73)
Appropriation of valuation allowance	190	278
Total	**(499)**	**(294)**

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 completely.

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 (2008: 180 to 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 original amount of k€ 3,000, further operating bank credit facilities in the amount of k€ 14,500 (2008: k€ 12,500) were available to the Company as on December 31, 2009. The granting of liabilities due to banking institutions is bound to the compliance with certain business performance indicators. In 2009 the Company met all agreed terms and provision imposed by the lenders.

At the date of issuance of the financial statements the Company has grants for operating credit facilities in the amount of k€ 12,000. These are valid for an unlimited period.

As on December 31, 2009, 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.

Exposure

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

Financial liabilities	12/31/08	12/31/09
Short-term debt and finance leasing	8,795	14,922
Trade payables	6,678	3,206
Total	**15,473**	**18,129**

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

	Dezember 31, 2008			
Financial liabilities	**Advances due to banks**	**Loans due to banks**	**Finance leasing**	**Trade payables**
Carrying amount	6,161	2,000	634	6,678
Contractual cash flow	6,161	2,260	688	6,678
Maturity				
Due within 0 - 30 days	6,161	11	19	6,585
Due within 31 - 90 days	0	209	40	68
Due within 91 - 180 days	0	221	59	5
Due within 181 - 360 days	0	442	119	10
Due after more than 365 days	0	1,378	451	10
Contractual cash flow	**6,161**	**2,260**	**688**	**6,678**

	Dezember 31, 2009			
Financial liabilities	**Advances due to banks**	**Borrowings due to banks**	**Finance leasing**	**Trade payables**
Carrying amount	12,247	2,250	425	3,206
Contractual cash flow	12,247	2,483	451	3,206
Maturity				
Due within 0 - 30 days	12,247	0	17	3,166
Due within 31 - 90 days	0	223	35	4
Due within 91 - 180 days	0	220	52	7
Due within 181 - 360 days	0	432	104	29
Due after more than 365 days	0	1,607	243	0
Contractual cash flow	**12,247**	**2,483**	**451**	**3,206**

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 cash flows and on the measurement of assets and liabilities recorded in foreign currencies.

Here the exposure principally covers the business activities and transactions denominated in the currency units USD and CAD by the respective foreign subsidiaries. At Group level essentially overages of USD payments and overages of CAD disbursements occur.

With the aim of controlling currency risks and their impact on the Group results 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 used. A direct matching of maturities with reference to specific receivables respectively payables in foreign denominations does 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 on reporting date was as follows:

	Dezember 31, 2008					
Financial instruments	**USD**	**CAD**	**GBP**	**CHF**	**SEK**	**NGN**
Cash	173	87	8	358	930	128,667
Trade receivables	2,973	0	777	1,341	27,906	55,551
Short-term finance and finance leasing	0	0	0	0	0	0
Trade payables	92	(8)	(13)	(22)	(200)	0
Derivative financial instruments	(2,000)	2,160	0	0	0	0
Balance sheet exposure	**1,238**	**2,239**	**772**	**1,677**	**28,636**	**184,218**
Planned revenues 2009	8,420	61	942	2,643	23,464	52,604
Planned expenditures 2009	(5,277)	(3,590)	(705)	(380)	(10,414)	(184,588)
Net exposure	**4,381**	**(1,290)**	**1,009**	**3,940**	**41,686**	**52,234**
	Dezember 31, 2009					
Financial instruments	**USD**	**CAD**	**GBP**	**CHF**	**SEK**	**NGN**
Cash	373	82	(2)	437	4,700	10,379
Trade receivables	3,044	0	922	873	27,289	42,888
Short-term finance and finance leasing	(10)	(116)	(72)	(163)	(46)	0
Trade payables	(272)	(33)	(22)	(37)	(1,644)	(11,662)
Derivative financial instruments	(2,050)	1,500	0	0	0	0
Balance sheet exposure	**1,086**	**1,434**	**826**	**1,111**	**30,300**	**41,605**
Planned revenues 2010	6,801	46	1,152	2,470	24,616	66,090
Planned expenditures 2010	(4,072)	(3,784)	(592)	(498)	(9,814)	(260,705)
Net exposure	**3,815**	**(2,304)**	**1,386**	**3,083**	**45,102**	**(153,010)**

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

Sensitivity analysis

A strengthening of the euro against the following currencies as on 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.

	December 31, 2008					
Effect in k€	USD	CAD	GBP	CHF	SEK	NGN
Equity	(89)	(130)	(80)	(113)	(262)	(93)
Profit or Loss	(215)	227	(30)	(143)	(136)	75
	December 31, 2009					
Effect in k€	USD	CAD	GBP	CHF	SEK	NGN
Equity	(75)	(95)	(93)	(75)	(295)	(19)
Profit or Loss	(196)	236	(63)	(131)	(139)	92

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 potential future risk of losses resulting of the existing foreign currency forward contracts on reporting date amounts with high probability (95%) to not more than k€ 131 (Value at risk, on normal market conditions and a holding period of 21 work days). Nevertheless the income effect of a feign currency forward contract counteract the development of the underlying (Hedging).

The currency exchange rates applied in the sensitivity analysis in respect of the balance sheet exposure and the forecasted revenues and expenditures denominated in foreign currencies are the exchange benchmark rates respectively the average exchange rates 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 uses interest caps if applicable.

Exposure

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

Financial instruments	12/31/08	12/31/09
Financial assets under fixed interest rates	38,137	41,661
Financial liabilities under fixed interest rates	(9,312)	(5,882)
Financial instruments under variable interest rates	(4,339)	(10,261)
Total	**24,486**	**25,518**

Sensitivity Analysis

If the average interest rate had been constantly increased in 100 basis points during the reporting period, the Group's income would have decreased by k€ 31 (2008: increase by k€ 9). 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 legal requirements. The minimum requirements refer, on the one hand, to the observance with commercial and stock corporation law and, on the other, to the requirements and expectations of the banks with regard to the granting of credit facilities.

The Company met all requirements in 2008 and 2009.

NOTES ON THE SHAREHOLDERS' EQUITY

28. SHAREHOLDERS' EQUITY

The issued ***share capital*** of the Company as on December 31, 2009 amounted to k€ 17,276 with altogether 13,288,914 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.This is also the status as per December 31, 2008. All issued shares are fully paid.

The amount of k€ 10,709 disclosed under ***capital reserve*** (2008: k€ 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 k€ 4,024 (2008: k€ 4,024). The reasons for this variance are differing carrying amounts resulting from the merger with the Kleindienst Datentechnik AG in the amount of k€ 2,239, differing treatment of the transaction costs for the merger in the amount of k€ 521, compensation costs for share-based compensation in the amount of k€ 666 and costs in respect of the share capital increase in 2007 in the amount of k€ 866, net of the tax effect in the amount of k€ 268.

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

Results accumulated ***retained losses*** comprise the accumulated net income viz. the accumulated net losses of the Group as on reporting date. This comprises the gain for the period in the amount of k€ 1,241 (2008: k€ 4,805).

The amounts recognized in ***other comprehensive income*** 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 on December 31, 2009 the Company held 120,610 ***treasury shares***. These are valued at acquisition cost, i.e. k€ 419 (2008: 120,610 treasury shares in total of k€ 419).

The composition of and the changes in the shareholders' equity are presented in the »Consolidated statement of changes in shareholders' equity«.

29. DIVIDEND DISTRIBUTION

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 2009 in respect of fiscal year 2008 (no dividends paid in fiscal year 2008 in respect of fiscal year 2007).

As on December 31, 2009 the net profit for the year in accordance with German HGB amounts to k€ 539 (2008: net profit of k€ 1,258). Up to now a dividend payment has not been proposed for fiscal year 2009.

OTHER DISCLOSURES

30. GUARANTEES

On reporting date there did not exists any guarantees to other parties.

During the previous ownership of Datasec GmbH, Siegen, which was sold as on December 31, 2001, Kleindienst Datentechnik AG had issued an unsecured guarantee in the amount of k€ 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 expired on December 30, 2009. According to the expiration of the loan liability on December 30, 2009, the guarantee expired automatically. The guarantee was not claimed at any time.

31. CONTINGENT LIABILITIES

On reporting date there did not exists any contingent liabilities.

The Shareholders' compensation claim concerning the business combination of Kleindienst Datentechnik AG with Beta Systems Software AG existing in 2008, 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 k€ 431, attorney fees of k€ 78 were incurred. A total amount of k€ 509 in subsequent costs of acquisition in connection with purchasing Kleindienst have been capitalized as goodwill.

32. OPERATING LEASING

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 on December 31, 2009 are as follows:

Operating leases commitments as on 12/31/09	Office rentals	Other operating leasing
2010	2,750	1,717
2011	2,501	1,200
2012	1,918	503
2013	1,821	189
2014	1,559	156
Total	**10,548**	**3,767**

Total costs for office rentals and operating leasing expensed through profit or loss during the fiscal year ended on December 31, 2009 amounted to k€ 5,616 (2008: k€ 4,565).

33. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

The following table presents the carrying amounts of financial assets and liabilities.

Financial instruments (carrying amounts)	12/31/08	12/31/09
Loans and receivables (IFRS 7.8 c)		
Trade receivables	38,317	41,661
Cash and cash equivalents	1,822	1,986
Financial instruments held for trading (IFRS 7.8 c(ii))		
Derivative financial instruments without hedge accounting	(180)	0
Financial assets	**39,959**	**43,647**
Loans and receivables (IFRS 7.8 f)		
Short-term finance	(6,911)	(12,997)
Trade payables	(6,678)	(3,206)
Financial liabilities	(1,250)	(1,500)
Finance leasing	(634)	(425)
Financial liabilities	**(15,473)**	**(18,129)**
Total	**24,486**	**25,518**

Regarding the classification of the financial instrument it is measured at cost or amortized costs or at market values. The following table shows the carrying amounts and fair values of the financial instruments measured at costs or amortized costs. Details to the assumptions for the measurement are explained in »Accounting policies and valuation methods« and in the according Notes to the relevant position.

	December 31, 2008		December 31, 2009	
Financial instruments measured at amortized costs	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Loans and receivables				
Trade receivables	38,317	38,317	41,661	41,661
cash and cash equivalents	1,822	1,822	1,986	1,986
Financial assets	**40,139**	**40,139**	**43,647**	**43,647**
Loans and receivables				
Short-term finance	(6,911)	(6,911)	(12,997)	(12,997)
Trade payables	(6,678)	(6,678)	(3,206)	(3,206)
Financial liabilities	(1,250)	(1,250)	(1,500)	(1,500)
Financial liabilities	**(14,839)**	**(14,839)**	**(17,703)**	**(17,703)**
Total	**25,300**	**25,300**	**25,943**	**25,943**

The following financial instruments are measured at market values which are derived from quoted market prices for identical assets in an active market.

	December 31, 2008		December 31, 2009	
Financial instruments measured at market value	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial instruments held for trading				
Derivative financial instruments without hedge accounting	(180)	(180)	0	0
Financial assets	**(180)**	**(180)**	**0**	**0**
Financial liabilities	**0**	**0**	**0**	**0**
Summe	**(180)**	**(180)**	**0**	**0**

Finance lease liabilities are financial instruments according to IAS 32 and have to be handled pursuant to IFRS 7. But they are not being classified and measured according to IAS 39, therefore they are not included in the two tables shown above. Details to finance lease obligations are given in Note 18 »Finance leasing«.

34. RELATED PARTY DISCLOSURES

On the basis of their direct equity investment respectively 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 2009. 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. There did not exist any business relationships existed with these parties in fiscal year 2009.

There did not exist any other related party business relationships.

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 Management Report on the Group and the Parent Company«.

35. AUDITOR'S FEES

The expenses accrued during the fiscal year 2009 in respect of fees paid to the KPMG AG, Berlin as Group Auditors amounted to k€ 161 for the audit of the annual and Consolidated Financial Statements and the IFRS consolidation packages, k€ 17 for tax consultancy and k€ 41 for other auditing and corporate consultancy services rendered (2008: k€ 165 for audit fees, k€ 43 for tax consultancy and k€ 54 for other auditing services).

36. EVENTS AFTER THE BALANCE SHEET DATE

Spin-off of Beta Systems ECM Solutions GmbH

At the extraordinary Meeting of the Shareholders of Beta Systems Software AG which took place in Berlin on December 16, 2009, the Company's shareholders approved the draft of the Spin-Off and Takeover Agreement between Beta Systems Software AG as the transferring legal entity and Beta Systems ECM Solutions GmbH as the absorbing legal entity with a majority of 94.02 %. The spin-off of the ECM solutions business was carried out after the approval of the Shareholders' Meeting of Beta Systems ECM Solutions GmbH on February 22, 2010 and the entry into the Register of Companies on March 1, 2010.

DEVELOPMENT OF THE GROUP'S FIXED AND INTANGIBLE ASSETS

	Property, Plant & Equipment				Intangible Assets				Total
Thousand €	Computer Equipment	Corporate Leasehold Improvements	Facilities and Office Equipment	Property, Plant & Equipment	Goodwill	Other intangible Assets	Acquired Software Product Rights	Intangible Assets	Fixed and intangible Assets
Acquisition costs									
as of January 1, 2008	18,762	1,914	4,096	24,772	1,522	3,633	6,341	11,496	36,269
Additions	635	3	57	694	0	323	322	644	1,339
Translation differences	(197)	(2)	(29)	(228)	0	(15)	(10)	(25)	(253)
Acquisitions through business combinations	972	0	94	1,066	507	2,123	1,941	4,571	5,637
Disposals	(2,948)	0	(522)	(3,470)	0	(1,581)	(237)	(1,818)	(5,288)
as of December 31, 2008	17,224	1,916	3,696	22,835	2,029	4,483	8,356	14,869	37,704
Accumulated Depreciation									
as of January 1, 2008	16,149	1,003	3,417	20,569	0	2,852	4,756	7,608	28,177
Additions	1,199	253	285	1,736	0	717	1,431	2,147	3,884
Translation differences	(169)	(1)	(16)	(186)	0	(2)	(1)	(3)	(189)
Acquisitions through business combinations	893	0	52	945	0	0	0	0	945
Disposals	(2,946)	0	(481)	(3,426)	0	(1,573)	(237)	(1,811)	(5,237)
as of December 31, 2008	15,127	1,255	3,257	19,638	0	1,994	5,949	7,942	27,581
Carrying Amount as of December 31, 2008	2,097	661	440	3,197	2,029	2,490	2,408	6,926	10,124
Acquisition costs									
as of January 1, 2009	17,224	1,916	3,696	22,835	2,029	4,483	8,356	14,869	37,704
Additions	506	2	46	554	509	0	0	509	1,063
Translation differences	113	1	(13)	100	0	(9)	43	33	134
Acquisitions through business combinations	552	10	326	888	2,864	994	1,181	5,039	5,927
Disposals	(869)	0	(198)	(1,068)	0	0	0	0	(1,068)
as of December 31, 2009	17,525	1,929	3,856	23,310	5,403	5,468	9,580	20,451	43,761
Accumulated Depreciation									
as of January 1, 2009	15,127	1,255	3,257	19,638	0	1,994	5,949	7,942	27,581
Additions	1,078	253	214	1,545	0	886	1,052	1,938	3,483
Translation differences	112	1	(16)	97	0	(3)	5	3	100
Acquisitions through business combinations	521	5	219	744	0	9	0	9	754
Disposals	(864)	0	(165)	(1,029)	0	0	0	0	(1,029)
as of December 31, 2009	15,974	1,513	3,508	20,995	0	2,887	7,006	9,893	30,888
Carrying Amount as of December 31, 2009	1,550	416	348	2,315	5,403	2,582	2,574	10,558	12,873

SUPPLEMENTARY DISCLOSURES ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2009

Performance related to other reporting periods

Other operating income in the amount of k€ 527 relating to other reporting periods and other operating expenses in the amount of k€ 410 relating to other reporting periods were included in the cost of revenues and operating expenses for the fiscal year (2008: other operating income relating to other reporting periods in the amount of k€ 2,519 and other operating expenses relating to other reporting periods in the amount of k€ 650).

Personnel Expenses

Personnel expenses for the fiscal year 2009 were as follows:

Personnel expenses	2008	2009
Wages and salaries	36,959	38,354
Social security contributions	6,012	6,341
Total	**42,971**	**44,695**

Staff Complement

The average number of 652 employees in the fiscal year 2009 (2008: 630 employees) was distributed as follows:

Average total number of employees	2008	2009
Sales and service	365	380
Development	175	181
Administration	78	79
Manufacture	12	12
Total	**630**	**652**

Effective January 1, 2006 Beta Systems Software AG resigned its membership from the employer's union »Bayerischer Arbeitgeberverband Gesamtmetall«. Of the 649 staff employed as on December 31, 2009 (2008: 633 employees), 143 employees (22.0%) are covered by the collective bargaining arrangement IG Metall valid on termination date (2008: 145 employees, 22.9%).

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 3, 2009 by the Management and Supervisory Boards for the fiscal year 2009 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 2009 were:

- Mr. Gernot Sagl
  Sole Member of the Board, Chief Financial Officer until July 18, 2009.
- Mr. Dipl.-Wirtschaftsing. Kamyar Niroumand
  Chief Executive Officer until July 18, 2009

Mr. Kamyar Niroumand, former Chief Executive Officer, was relieved of his duties for an important reason by way of resolution dated July 18, 2009, passed by the Supervisory Board (see the Report of the Supervisory Board). Since this time, Mr. Gernot Sagl heads up the company as the only member of the Management Board.

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 k€ 466 during fiscal year 2009 (2008: k€ 715). 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 Management Report on the Group and the Parent Company«.

In respect of future pension obligations due to former members of the Management Board benefit provisions were increased in the amount of k€ 51 during the fiscal year (2008: k€ 48). The balance as on December 31, 2009 pursuant to the measurement rules under IAS 19 amounted to k€ 1,005 (2008: k€ 1,024).

Supervisory Board

Members of the Supervisory Board of the Company during the fiscal year 2009 were:

- Mr. Dipl.-Kfm. Sebastian Leser, MBA – Dipl. de l'ESSEC, Karlsruhe
  Chairman of the Supervisory Board
  Chief Executive Officer Heidelberger Beteiligungsholding AG, Heidelberg,
  Chief Executive Officer ABC Beteiligungen AG, Heidelberg,
  Member of the Management Board Fidelitas Deutsche Industrie Holding AG, Heidelberg.
- Dr. Arun Nagwaney, London
  Vice Chairman of the Supervisory Board
  Director Petrous Limited, London,
  Director Plastics Capital Plc, London,
  Member of the Management Board Papierwerke Lenk AG, Kappelrodeck.
- Mr. Dipl.-Kfm. Volker Wöhrle, Rheinstetten
  Member of the Management Board Fortuna Maschinenbau Holding AG, Bad Staffelstein
- Mr. Dipl.-Kfm. Jürgen Dickemann, Berlin
  Member of the Management Board Dickemann Capital AG, Berlin
- Mr. Stefan Hillenbach, Berlin
  Employee Representative, Manager Software Engineering
- Mr. Wilhelm Terhaag, Augsburg
  Employee Representative, Workers' Council Augsburg.

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

- CornerstoneCapital Verwaltungs AG, Heidelberg
  Vice Chairman of the Supervisory Board until December 31, 2009.

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

- Plastics Capital Trading Limited, London,
- Bell Plastics Limited, London,
- BNL (UK) Limited, London,
- Palagan Limited, London,
- C & T Matrix, London,
- Mulberry Plastics Limited, London until March 23, 2009.

Dormant:

- Howper 136 Limited, London,
- Trimplex Safety Tread Limited, London
- Sabreplas Limited, London,
- Plastics Capital Bearings Limited, London,
- Cobb Slater Limited, London,
- Bell Holdings Limited, London
- Channel Matrix Distribution Limited, 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.

The Supervisory Board members Mr. Jürgen Dickemann, Mr. Wilhelm Terhaag and Mr. Stefan Hillenbach do not hold any other Supervisory Board mandates.

The total remuneration for current employment benefits for the members of the Supervisory Board amounted to k€ 58 during fiscal year 2009 (2008: k€ 58). Full details are contained under the audited section »Remuneration Report« within the »Combined Management Report on the Group and the Parent Company«.

GROUP ENTITIES

Summary of holdings as on December 31, 2009 (Unconsolidated)

on currency translation differences	Local currency	Capital stock at 12.31.2009 in local currency	Equity at 12.31.2009 in local currency	Net income (loss) at 12.31.2009 in local currency	Investment	Capital stock at 12.31.2009 in k€	Equity at 12.31.2009 in k€	Net income (loss) at 12.31.2009 in k€
Beta Systems EDV-Software GmbH, Vienna, Austria					100 %	36	843	423
Beta Systems Software SPRL, Waterloo, Belgium					100 %	50	74	109
Beta Systems Software France SARL, Saint Thibault des Vignes, France					100 %	763	2,099	471
Beta Systems Software Ltd, Reading, Great Britain	TGBP	400	(1,406)	(231)	100 %	601	(1,581)	(268)
Beta Systems Software SRL, Milan, Italy					100 %	52	613	(15)
Beta Systems Software BV, Nieuwegein, Netherlands					100 %	23	100	93
Betann Systems AB, Sundbyberg, Sweden	TSEK	100	17,730	3,336	100 %	11	1,728	338
Beta Systems Software AG, Wallisellen, Switzerland	TCHF	100	928	(149)	100 %	63	625	(98)
Beta Systems Software Espana SL, Madrid, Spain					100 %	1,553	60	(294)
Beta Systems Software of North America, Inc., Herndon, USA	TUSD	401	13,817	(455)	100 %	383	9,611	(275)
SI Software Innovation GmbH, Neustadt an der Weinstraße, Germany *)					100 %	511	3,841	409
DETEC Decision Technology Software GmbH, Ruesselsheim, Germany					100 %	103	2,837	462
DETEC Software Products GmbH, Ruesselsheim, Germany					100 %	26	2,320	(55)
Beta Systems Software Africa Ltd, Lagos, Nigeria	TNGN	10,000	17,114	(14,562)	100 %	29	78	(63)
ECM Solutions GmbH, Berlin, Germany					100 %	25	25	0
Kleindienst Datadress GmbH, Augsburg, Germany					100 %	26	24	2
Beta Systems Marketing GmbH, Berlin, Germany *)					100 %	26	26	-
EDM Verwaltungs GmbH (i.L.), Augsburg, Germany					100 %	25	29	0
ICR Verwaltungs GmbH (i.L.), Augsburg, Germany					100 %	25	26	(2)

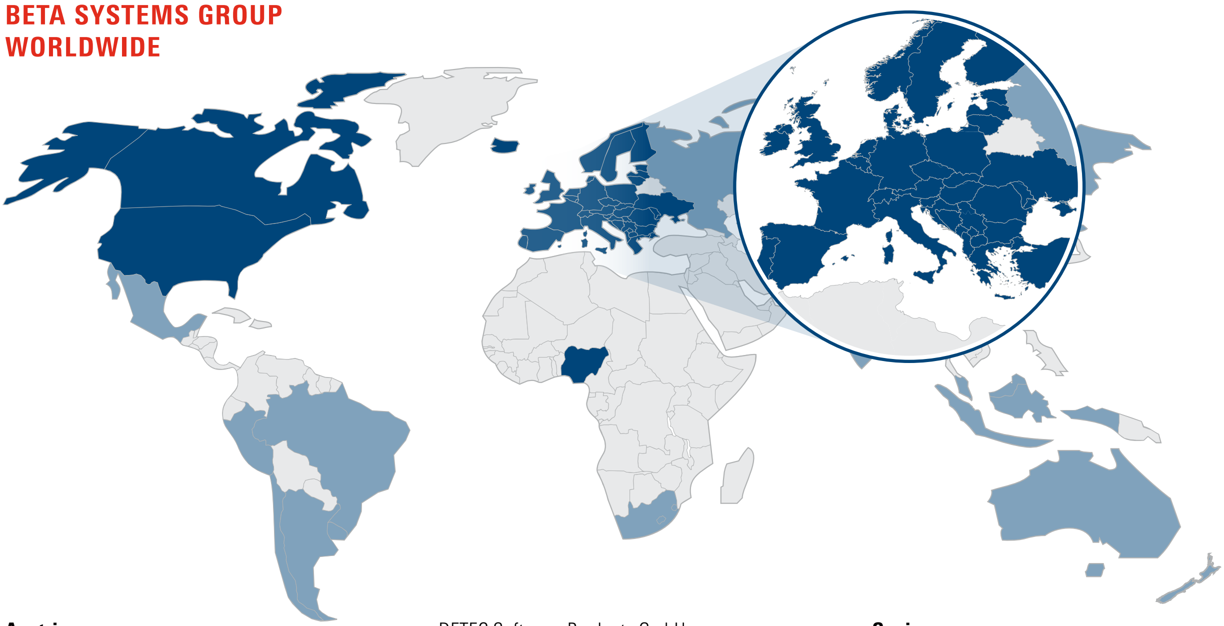
In addition Beta Systems Software AG holds the following indirect equity investment:
Beta Systems Software of North America, Inc. wholly owns Beta Systems Software of Canada Inc., which therefore counts towards the indirect holdings:

Beta Systems Software of Canada Inc., Calgary, Canada	TCAD	31,356	607	15,741	100 %	17,266	402	10,239

*) A domination and profit transfer agreement exists. There are only shown equity and performance balances which are not to include under local GAAP.

Apart from those holdings listed above, no further equity holdings exist. The values of the equity and the operating results for the fiscal year 2009 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 Income was translated at the average monthly foreign exchange benchmark rate during the period.

BETA SYSTEMS GROUP WORLDWIDE



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GLOSSARY

Access Management
The administration of all protection and precautionary measures regulating access in any form to resources.

Add-ons
Programs which supplement existing software.

Application Program Interfaces (API)
Program interfaces which allow information and requests to be exchanged.

Archiving
Replication of (back-up) data and storage on a medium other than primary storage.

Audit
Process of examination carried out by professional auditors in order to assess processes in respect of their compliance with requirements and guidelines.

Automated User Management
Automated process of granting access rights which equips users with the basic prerequisites for fulfilling their tasks based on their roles/tasks within the organization.

Backup
Securing data from a computer system on an external medium.

Batch Jobs
Programs executed on any computer without further user interaction.

Business Process Management (BPM)
Engineering, documentation, control and improvement of business processes.

Classification
Methodology for classifying and combining objects and information into categories.

Client
Software which requests services from another computer (the server) and uses its resources.

Cloud Computing
The term for the outsourcing of applications and data to a service provider who makes them available via Internet.

Compliance
Compliance with legal provisions and other directives and guidelines in companies and organizations for the protection of owners, customers and investors against loss or damage from illegal entrepreneurial activity.

CyberFusion Integration Suite (CFI)
Software solution by Proginet which is aimed at companies of all sizes and which supports them in working more efficiently and in ensuring optimal protection for customer data. CFI helps to minimize the risks associated with the global exchange of business information between partners and employees.

DACH
Abbreviation for Germany, Austria and Switzerland.

Data Centers
Both the buildings which house the core computer technology of a company and the organization which services these centers.

Data Processing
Secure and efficient information management in data centers.

DCI (Data Center Infrastructure)
Infrastructure solutions for data centers.

Document Processing
Capturing, processing, provision and archiving of electronic and paper-based incoming data, as well as the targeted distribution of electronic documents.

DoXite
Solution for Windows, Linux and Unix systems, which automatically transforms source data from various applications into professional-looking documents which are easy to read in the individual layout defined by the company, and which offers a wide range of output drivers and interfaces for printers and electronic media.

Enterprise Application Management
IT infrastructure which enables the companywide integration of business functions by linking up various applications and different platforms.

ECM (Enterprise Content Management)
Technologies for capturing, managing, storing, archiving and transmitting content and documents relating to organizational processes.

E-mail Management
Processing, administration and archiving of all incoming and outgoing e-mails.

FrontCollect®
Software enabling the automatic capturing and integration of documents in electronic processes irrespective of format, medium and sorting. FrontCollect® is a universal, companywide incoming post solution for managing the huge volume of day-to-day information.

FrontCollect ControlRoom
Supplementary solution to the FrontCollect Suite which enables an ongoing forecast and process monitoring of the daily target defined for the incoming post solution.

IdM (Identity (Access) Management)
Measures ensuring secure access by people and computers to the network and to applications, for instance access management, authentication, password management and provisioning.

Industrialization of IT
Term for strategic in- and outsourcing, the aim of which is to enhance the flexibility of a company's own IT, to optimize processes and lower costs.

Information Management
Administration, provision and securing of data and information in corporate networks.

ISE
Image-supported cheque collection.

IT Agility
The ability of IT to respond flexibly and swiftly to changing capacity requirements and changes in functional requirements and of seeking out future IT-based innovations and supporting them.

IT Infrastructure
Sum total of all technical resources, networks, hardware and software in a company.

IT Security
Information processing systems which secure the confidentiality, availability and integrity for the protection of IT systems and data against hazard and threats.

Job Scheduling
Management, automation, monitoring and planning of IT processes.

Large Documents Management System (LDMS)
Solution for the archiving and mass processing of a wide variety of electronic documents.

Linux
Unix family operating system on an open source basis.

Mainframe
Complex, powerful computer system optimized in terms of reliability and bulk data processing.

Maintenance
Measures to ensure the steady status of operating resources as well as the elimination of errors and defects which occur after a system has gone live.

Migration
Term in information technology for the transferring of data stock of a company to another hardware or software platform.

Multi-Client System
System in which a number of different, hierarchical client structures can be defined with the respective permissions and where netting can be carried out between these clients.

Open Systems Environment
Operating environment which secures the interoperability and portability through open, freely accessible interfaces and specifications.

Operating System
Software which enables a computer to operate and manage resources such as storage, input and output devices and the execution of programs.

Output Management
Preparation, generating, control and distribution of electronic or physically accessible documents to all recipients defined within or external to a company.

Outsourcing
The entrusting of corporate services formerly carried out within the company to external companies.

Payment Factory
The outsourcing of payment processing.

ProSort
Universal control program for intelligent scanners, voucher readers and sorters.

Provisioning
Part and process of IT operating management which equips users of an IT system with the basic pre-requisite for fulfilling their tasks.

SAM Enterprise Identity Manager
Companywide applicable security solution for the administration of identity and access rights (user administration).

Scheduler
Program which manages read and write access to database objects and the scheduled execution of a number of processes in operating systems.

Scheduling
Process administration and the resource allocation which regulates the scheduled execution of a number of processes in operating systems.

Security Management
Process for the management and control of security levels defined for services and information within the company.

Service Level Agreement
Internal quality standards which specify the outcome of certain activities binding on all involved.

Shared Service Center
Consolidation and a centralization of service processes from different areas of an organization which are then combined under a central unit or department.

Single Euro Payments Area (SEPA)
Term for EU integration in the area of payments.

SOA (Service Oriented Architecture)
A concept organizing the business and the IT of a company into services based on a modular structure which can be used flexibly to implement business processes.

Standardization degree
The proportion of standardized products and solutions which can be used in a company.

Storage
Data storage or storage medium used for data and information retention.

Suite
An organized, consistent collection of software programs which carry out a number of associated responsibilities.

Synchronization
Synchronized processes which ensure that resources are deployed efficiently and data kept at a consistent level.

UNIX
Open standard operating system, available since 1969, which can be freely improved on or added to.

Update
Updating of existing products and solutions which correct program defects or include smaller program improvements.

Upgrade
New version of a basic software which comprises additional functions.

User Interface
User interfaces which enable users to exchange data through a program or computer such as a web form or input screen, for example.

User Management
Administration of access rights and permissions.

User Role
Definition of tasks, characteristics and rights of the user in a software or operating system.

Web Services
Software component which links up programs running on different network computers via the Internet and combines them into one application.

Workflow
Individual integrated steps of a process which enable a swift, targeted and efficient succession of activities in an organization.

Workflow XPert.NET
Workflow management system for the automated processing of individual business processes of all types.

Workload
Term designating the amount of work calculated for successfully completing work processes.

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