syskoplan

LIVING NETWORK

Annual Report 2010 – Truly Colorful

syskoplan at a glance

Criterion		2010	2008	Change
Revenue	Euro mill.	60.2	55.0	+ 9%
EBITDA	Euro mill.	6.09	3.95	+ 54%
EBIT	Euro mill.	3.63	1.58	> 100%
EBT	Euro mill.	3.64	1.58	> 100%
Net profit for the period	Euro mill.	2.17	0.07	> 100%
Earnings per share (basic)	Euro	0.46	0.01	> 100%
Earnings per share (diluted)	Euro	0.46	0.01	> 100%
Return on revenue (EBITDA)	%	10.1%	7.2%	
Return on revenue (EBIT)	%	6.0%	2.9%	
Return on revenue (EBT)	%	6.0%	2.9%	
Payroll employees (average fulltime equivalents)		401	420	– 5%
Payroll employees (year end)		409	424	– 4%
Balance sheet total	Euro mill.	52.8	50.5	+ 4%
Equity	Euro mill.	30.5	29.3	+ 4%
Liquid funds	Euro mill.	22.0	19.9	+ 10%
Change in cash and cash equivalents	Euro mill.	2.85	– 3.93	
Cash flow according to DVFA/SG	Euro mill.	4.09	2.63	+ 56%
Number of shares		4,734,536	4,728,533	+ 0%

Truly Colorful

Color isn't a symbol – it is something full of life and humanity. It provides new meaning and differentiates; it makes something extraordinary. Our network is the result of united visions, passions, and temperaments. The Living Network is the cooperation of many very different individuals, networked, contrasting, independent yet connected, free, unique, colorful, and full of life.

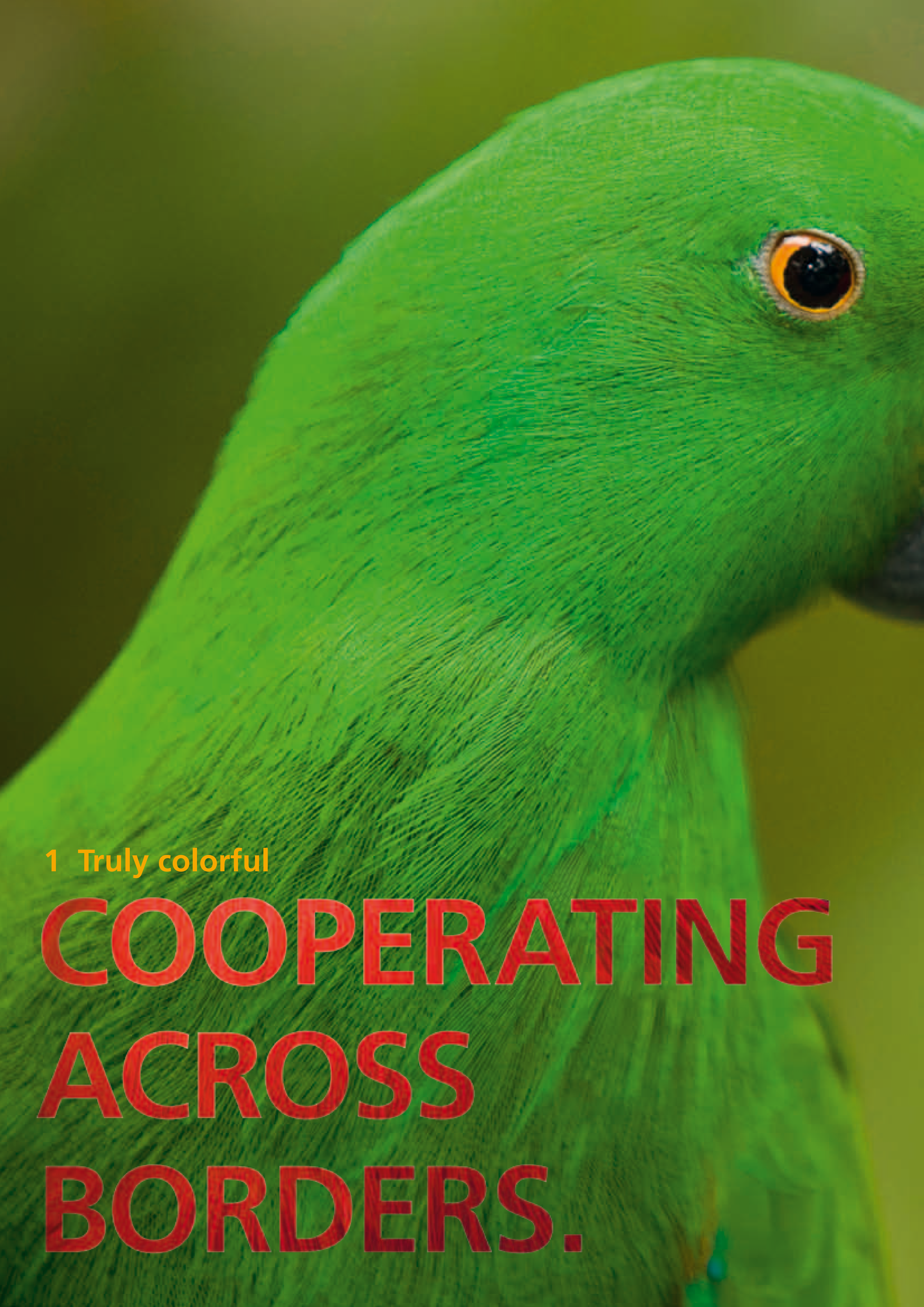
syskoplan is truly colorful within its network, the competitive environment, and society.

- Colorful stands for our specialized business units, which react with agility and flexibility to meet the needs of their customers.
- Colorful stands for our service portfolio, which offers multi-faceted, tailored solutions.
- Colorful stands for the cooperation between syskoplan and Reply, creating a strong joint brand in Europe.
- Colorful stands for our position within society and our commitment to the environment, diversity, and tolerance.

It is our aim to continue to add colorful accents to our company and the world around us. In doing so, we rely on our team spirit, our innovative abilities, and constant improvement to the quality of our services.


ACHIEVING NEW
HEIGHTS TOGETHER.

Content



1 Truly colorful

COOPERATING ACROSS BORDERS.

1.1 Letter from the Chairman of the Executive Board

**Dear shareholders,
customers, business partners,
and employees,**

In my last letter, I used the image of a windmill to illustrate our corporate strategy. This imagery comes from a Chinese proverb: "When the winds of change blow, some people build walls – others build windmills." In our strategy for overcoming the turbulence caused by the global financial crisis, we decided to build a windmill. A quick look at our business performance shows that this strategy has borne fruit.

For the financial year 2010, sales increased 9 percent to EUR 60.2 million. This positive development was mainly due to the outstanding performance seen in the second half of the year. EBITDA rose from EUR 4.0 million to EUR 6.1 million, while the EBITDA margin jumped from 7.2 percent to 10.1 percent. Earnings before taxes (EBT) amounted to EUR 3.6 million, following EUR 1.6 million in the previous year. Liquid assets at syskoplan AG totaled EUR 22.0 million after amounting to EUR 19.9 million in the previous year.

„A quick look at our business performance shows that our strategy for overcoming the turbulence has borne fruit."

Josef Mago
Chairman of the
Executive Board

We were once again able to offer our customers the reliable, innovative, high-quality technologies that they have come to expect from us. Our range of consulting, integration, and outsourcing services for efficient corporate management was expanded to include agile solutions. Our sales activities focused on medium to large-sized projects this year, and we acquired a new major account at around the midpoint of the year.

Cooperation and synergies between the various business units, as well as between Reply and syskoplan, were also successfully expanded. The showcase project for our customer Sky Deutschland showed that the chemistry between the two groups is excellent. We developed two applications, the Sky Sport App and Sky Mobile App, which allow customers to watch the pay-TV channel's sporting events live on their iPad or iPhone – regardless of where they are. The Sky Sport App was awarded the Kress Media Award in fall 2010, an achievement of which our international team is naturally quite proud.

We also managed to take some big steps forward in regards to other innovative products and solutions in the pipeline. We will be releasing many of these this year to our customers.

In order to flexibly react to fluctuations in demand for IT services, we increased our nearshoring capacities by integrating Reply employees into projects. In addition, we also expanded our cooperation with freelancers. The mix of staff employees and freelancers is currently at 90% and 10%, respectively.

The Executive Board (as at 01/01/2011) and the Chairman of the Supervisory Board of syskoplan AG
From left to right: Josef Mago, Dott. Mario Rizzante (Supervisory Board), Dott. Flavia Rebuffat, Dr. Jochen Meier

The restructuring of our business units also proved successful. The combined units have found their rhythm after a year and can now readily identify with their new points of emphasis.

Another pillar of our corporate strategy was thoroughly refined in 2010. Our internal processes needed improvement so that we could keep our promise to deliver innovative, reliable, high-quality solutions to our customers. We thus surveyed our customers to get a closer look at how satisfied they were with the job we were doing as a service provider. The results showed that we are doing a good job. However, we gratefully took on board suggestions for improvements and then defined corresponding measures, which are now being implemented.

In addition to the survey, which we plan to conduct again this year, we also developed a unified project methodology for syskoplan and Reply. This new methodology is being passed on to employees in various training sessions. As IT consultants and developers, we need our employees to be on the cutting edge of technology in order to stay ahead. To ensure that our employees are always expertly equipped, we as a company needed to consolidate our expertise and make it available via a knowledge management system. With TamTamy, a tool developed by our parent company, Reply, we can gather this knowledge from external sources, from within the organization, and from each individual employee and make it accessible across the company. The tool can also be used to create and maintain social networks within the

„For us, being "truly colorful" means that we value the diversity within our corporate network and that we believe that this diversity is a major factor in the Group's overall success.

Josef Mago
Chairman of the Executive Board of syskoplan AG

syskoplan and Reply Groups. With the help of these internal projects, we can stand up to the growing expectations of our customers.

Our course for the year 2010 has proven successful, and our current direction and framework are now clearer and more promising than ever. The domination agreement that we finalized with Reply last year was a major contributing factor. The agreement was concluded in order to create a European network and integrate Reply's range of services in areas such as Web 2.0, social networks, and cloud computing, with those currently offered by syskoplan.

The economic recovery and our customers' readiness to invest create optimal conditions for gaining speed and enhancing our profile. The strategy for the coming year has therefore been given the heading "Truly Colorful." The Annual Report explores this topic both thematically and visually. For us, being "truly colorful" means that we value the diversity within our corporate network and that we believe that this diversity is a major factor in the Group's overall success.

Practically, this motto will be seen in the following actions:

- We want to achieve new heights together as a Group and gain on the competition.
- We continue to aim at providing our customers with multi-faceted, reliable, tailored solutions.
- We will cooperate closer than ever with Reply.
- We will continue to expand our commitment to social responsibility.

These goals represent our vision for 2011, and we are already working hard to meet them.

We welcome you to join us along the way!

Josef Mago

Josef Mago
Chairman of the Executive Board of syskoplan AG

ADDING NEW FACETS.

1.2 How the Customer Is Becoming King in the Era of Social Media

The internet is rapidly changing the way we communicate, the way we shop, and the way we work. There are roughly two billion people online today around the world. Over 43 million of those reside in Germany.

96 percent of Generation Y is already a member of a social network like Facebook, Twitter, XING, or StudiVZ. But even the older generations are getting caught up in the internet craze, with 55 percent of all Germans stating that they have used the internet as their first source of information for at least one topic or product. The idea of a collaborative internet, known in techno-speak as Web 2.0 or social media, has long moved from hype to reality. The internet and its users are definitively shaping public opinion.

1. The New Customer in the "Collaborative Internet"

A huge number of people have access to an unfathomable amount of information at their fingertips these days. Two essential characteristics typify these "new" customers:

They are active: They share their knowledge with others on the web. They give recommendations for a product when it impresses them and advise against products that disappoint them, but also take part in helping develop products and services and offer assistance to others with similar situations. Often, the collective knowledge of consumers far exceeds that of the product's own R&D department.

They trust their fellow users: Companies are no longer the most reliable source of information. This was clearly revealed in a study carried out by the American Edelman Trust Barometer. While only 22 percent of North American participants and 33 percent of European participants believed that "people like you and me" were the most reliable source of information, the numbers had risen to 56 and 53 percent, respectively, by 2005. The Edelman Trust Barometer also shows that participants trust companies when they fulfill their expectations, be that to deliver products and services on time, provide reliable products or services, or have good quality products. In other words, when companies behave in a customer-oriented manner.

2. What Customers Want

Even in today's world of social media, the good, old customer-oriented approach is still the basis for creating a solid relationship between customers and businesses. The home shopping specialist HSE24 is a great example of this. The company has placed the customer at the center of its attention, has bundled all of its communications channels, services, and sales processes to provide customers with the best possible experience. HSE24 has received several awards for its customer orientation and even grew twelve percent in the crisis-plagued year of 2009.

It is worthwhile to engage in open, honest, and authentic dialog with customers using both conventional and new channels. However, this is easier said than done and incorporating these new channels represents a tough challenge to companies' CRM strategies, as the American airline company United Airlines recently discovered. When the guitars belonging to an American band were damaged during a flight and the airline didn't take the band's complaint seriously, they published a music video sharing this experience on YouTube. The song "United Breaks Guitars" was a worldwide hit. As a result, the company's share value tanked, and the PR campaign produced in response to the video was also very costly. United Airlines became synonymous with failed customer orientation and a powerful example of the new customer's power to influence companies' fortunes with the help of social media.

3. Where Is CRM Headed?

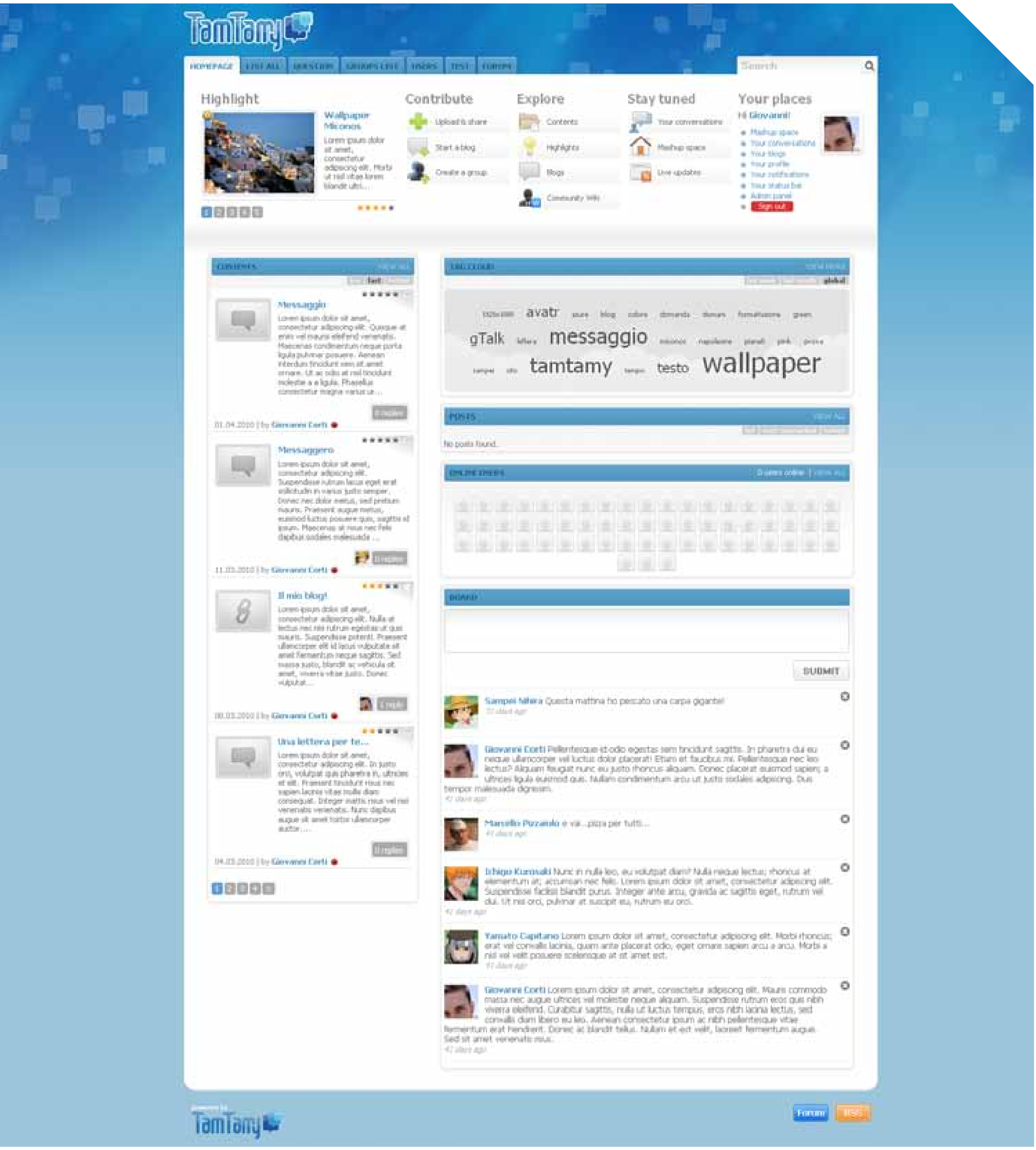
In the case of United Airlines, a customer-centric strategy in combination with a better CRM system would have allowed the company to avoid this problem entirely, since the musician's complaint was initially directed at the airline's customer service. A conventional CRM system is therefore still critical for today's customer-oriented approach. However, the system needs to be expanded to include social elements or social media, which is why some refer to a social CRM strategy. Increasingly, customers are no longer expressing their dissatisfaction using the traditional channels, but rather publish them on the internet for all the world to see. This reality is requiring companies to rethink how they handle customers. Previously, CRM systems would collect, file, and use information about customers to get them to purchase (even more) products and services. In the era of social media, the pendulum of power has swung in the customers' favor. Companies of the future will have to vie for customers' attention while offering transparent and credible business relationships that encourage mutual benefit and trust.

4. Social CRM – So What?

For many companies, however, the use of social media represents a change in the corporate culture. Fear of losing control is a major issue. In addition, the internet is democratically organized, in contrast to the hierarchical organizational structure seen in companies. Furthermore, other companies simply refuse to use social media in any form. However, this position actually means a guaranteed loss of control, as people use these platforms to discuss the company regardless and make purchasing decisions based on them, which in turn affects the company's bottom line. A better social media and social CRM policy is to be proactive. An internal trial run with social media (for example with TamTamy, which our parent company, Reply, developed) is a great way to get started while observing the external social media world as a participant at the same time. One of the most important steps, however, is defining the objectives and target groups that the company is attempting to reach with social media in advance and installing a corresponding social CRM strategy along with it. Of course, you also then need to track and evaluate the level of success along the way.

5. IT's Role in the Era of Social Media

In recent years, IT departments have been installing CRM systems which were aimed at optimally supporting a customer-oriented management style. The idea was to have a 360-degree view of customers, integrating all CRM processes into a homogenous system environment that links all internal and external functions, such as logistics, accounting, and supplier management. In addition, all conventional channels that were used to communicate with customers were also integrated into the system, so that customers' desires could be satisfied in real-time – only this didn't include social media channels. In response to these new customer expectations, IT departments once again are challenged to rethink their CRM systems. As studies have shown, IT departments are investing comparatively little in social media tools. In most cases it is the marketing departments which press ahead and pioneer the use of social media platforms that haven't yet been incorporated into the company's internal IT systems in order to create a dialog with customers. However, the information gained in these exchanges is not saved or filed into the company's CRM system, thus creating greater and greater holes in their expensive and supposedly



The user interface of the social media software TamTamy

360-degree view of customers. As a result, IT departments are increasingly losing control over the quality of their CRM systems. This poses a major problem as companies' innovative abilities are strongly tied to their IT departments' ability to remain cutting edge. They are the ones that ensure that all of a company's technological functions work together. The challenge thus lies with the company's internal IT department, which needs to examine the company's activities on social media platforms and find a solution for integrating the new channels into the existing system architecture. Simply letting others come and ask how something like a "United Breaks Guitars" situation could happen at all or why the marketing department is doing IT work despite the integration into the e-commerce system isn't enough. The key is a proactive approach to social media that allows IT to become a driver for customer-centric systems and thereby contribute to the company's success.

Measure	**Department**	**Application/Example**
Monitoring	Market research	With the help of monitoring tools, one can observe customers' conversations on social media. One interesting monitoring tool is cogito. It finds those social media platforms that have matching results for specific search terms and then ranks the findings according to context – whether the comments are positive, negative, or neutral.
Talking	Marketing	Employees should be tasked with maintaining portals and quickly responding to questions or criticisms that arise on social networks. However, email also should not get lost in the mix.
Energizing	Sales	Social media tools can be used for "sales empowerment." The enterprise 2.0 platform TamTamy, a product from the Italian IT service provider Reply, offers exactly this. Employees network with each other, communicate in blogs, and share their knowledge in wikis. The platform also offers the possibility of inviting customers or suppliers to work together in groups.
Supporting	Service	Customer service can provide assistance directly in social media when problems arise. The US telecommunications corporation Comcast, for example, has a team that searches for complaints online. The employees then contact the customers directly using social media. Technicians are only involved if the problem can't be solved online.
Embracing	Development	R&D departments can use social media to integrate customers' knowledge into the development of products and services. The video game industry often involves its customers in the early stages of product development. This leads to a product that really satisfies customers' needs.

1.3 The syskoplan Share in 2010

14% Increase in Value with Trading Volume Halved

This short formula sums up syskoplan's development on the capital market in financial year 2010. Its market capitalization amounted to EUR 43.6 million after totaling EUR 38.2 million at the end of the previous year. The share's development progressed comparable to that of the DAX, whose value increased about 16% in 2010, and more favorably than the TecDAX, which gained only 4% in 2010.

The trading volumes for the syskoplan share decreased by 55% in 2010, with only 0.5 million shares traded. This corresponds to an average daily trading volume of 2,035 shares (previous year: 4,598 shares).

Domination Agreement

syskoplan finalized a domination agreement with its majority shareholder, Reply, in financial year 2010. In the future, cooperation with Reply will be significantly expanded with the goal of creating a European network that generates greater synergies in our shared markets. Majority shareholder Reply will become a strategic partner, whose range of services, for example in the areas of Web 2.0, social networks, and cloud computing, supplements syskoplan's current services optimally.

The domination agreement was announced on April 14 and was finalized at the Annual General Meeting on May 28 with a majority of 98.41%. It was entered into the commercial register on August 3, 2010. No movements to contest or annul were registered. However, a legal challenge to the contract has been filed at the Dortmund District Court. It is seeking to have the compensation for the limitation of shareholder rights (an annual guaranteed dividend of EUR 0.45 or a compensation offer of EUR 8.19 from Reply) reviewed for appropriateness.

Key Figures for the syskoplan Share		2008	2009	2010
Equity capital	EUR million	4.73	4.73	4.75
Number of shares	million	4.73	4.73	4.75
Options issued (cumulative)	thousand	85.2	52.2	23.5
Market capitalization	EUR million	24.26	38.22	43.61
Free Float	%	41.79	21.06	20.47
Shares traded[1]	thousand	4.2	4.6	2.0
Year-end price	EUR	5.13	8.08	9.19
High for the year	EUR	8.10	8.50	9.70
Low for the year	EUR	4.71	4.83	7.20
Earnings per share for the year[2]	EUR	0.77	0.01	0.46
Dividends[3]	EUR	0.30	0.15	0.45
Total dividend payout	EUR million	1.42	0.71	2.14
Dividend yield[4]	%	5.8	1.9	4.9

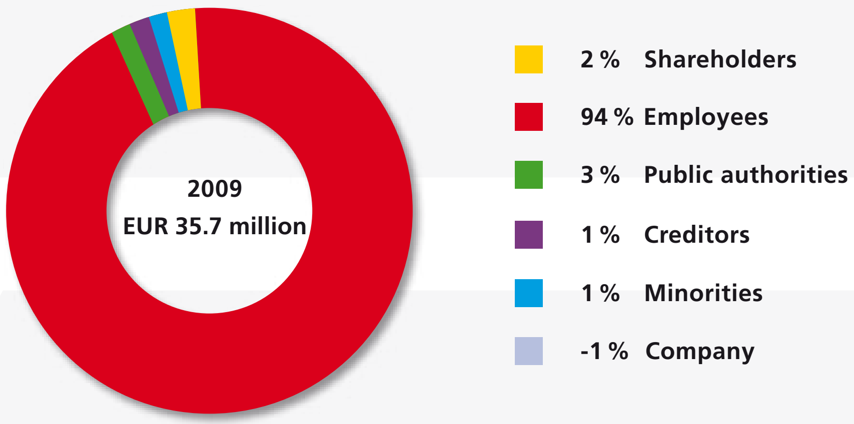
[1] Daily average [2] syskoplan Group [3] 2010 proposal submitted to the Annual General [4] Based on year-end

In accordance with the domination agreement, the Executive and Supervisory Boards will propose a dividend of EUR 0.45 per share for the financial year 2010 at the Annual General Meeting on June 29, 2011. Compared to 2009, this represents a three-fold increase and amounts to a return of 4.9% in comparison to the share's closing price on December 31, 2010.

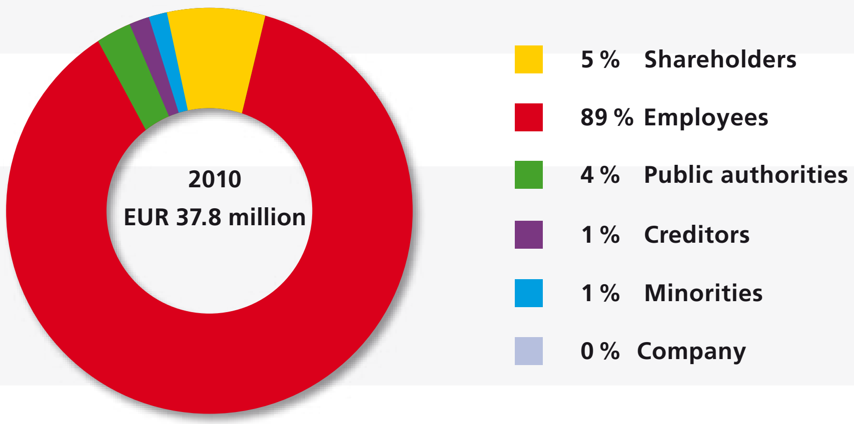
Against the backdrop of the finalized domination agreement, investor relations work, particularly coverage of the syskoplan share, is being realigned. An analyst stated that the completed domination agreement gives the syskoplan share a bond-like character. Consideration of the earnings development had become less meaningful since finalization of this agreement.

Value Added Statement

The company result increased by 9% to EUR 60.9 million in 2010. After deducting materials and services purchased, which increased due to greater utilization of freelance employees as a flexible response to sudden spikes in demand, syskoplan Group's value added amounted to EUR 37.8 million (+6% compared to the previous year). As is often the case in the service sector, this totaled 62% of the company result. Of this value added, 89% or EUR 33.9 million was attributable to employees. A total of 5% was utilized for shareholders, 4% for public authorities, and 1% for creditors.



Development of syskoplan Value Added



2 Financial Information

TAKING ON RESPONSIBILITY.

2.1 Management Report of syskoplan Group for Financial Year 2010

1. The syskoplan Group

A "Passion for IT" – this is what has been driving syskoplan for over 25 years. The companies of the syskoplan Group develop innovative solutions based on standardized business software which are specifically adapted to the requirements of the customer. syskoplan uses adaptive and agile IT platforms according to the principle of "as much standardization as possible, as much customization as necessary" and extends them with customer-specific components in order to implement them into the required process support for the customer. This safeguards investments and enables quick adaptation to changing business processes.

Customers of the syskoplan Group are large enterprises and industry leaders with an emphasis on German-speaking regions. For these companies, IT represents an important success factor in implementing their company strategy. Customized solutions make it possible to stand out in the market and create long-term competitive advantages. At the same time, they place high requirements on the performance, flexibility, and efficiency of their IT.

As a network of specialized companies, syskoplan combines the performance capacity of a large corporation with the agility and flexibility of smaller units. In fiscal year 2010, the 410 employees generated sales of EUR 60.2 million. The core of the Group is formed by syskoplan AG, founded in 1983 and listed on the Frankfurt Stock Exchange since November 2000.

2. General Economic and Sector Trend

According to the German Federal Statistical Office, the price-adjusted GDP in 2010 increased by 3.6% compared to the previous year. The GDP growth was especially felt in the first half of 2010. In the second half of the year, overall economic activity continued at a moderate tempo.

+ In 2010, the German economy recovered most of the ground lost due to the crisis in terms of GDP.
+ As expressed in its annual forecast, the German government is expecting the country's economic recovery trend to continue and spread to additional sectors in the coming year.
+ Average employment figures for 2010 achieved the highest levels since reunification.

Taking these key economic indicators into account suggests that the overall economic upturn will continue in Germany. However, the growth rates will likely not be as strong as in the previous year.

The general economic recovery also provided the IT market with considerable momentum throughout all of its segments. Service providers benefited from a relief to investment bottlenecks which arose due to delayed purchase decisions on software applications and IT services in 2009 – leading to considerable sales increases in 2010.

The demand for consulting services grew as a result of the positive economic development already being seen at the start of 2010. The new market conditions quickly left their mark in the area of consulting services, where demand is not directly tied to investment decisions, such as on software application purchases.

Market-leading software providers generated substantial gains in sales by the end of the year. SAP, Microsoft, and Oracle posted record figures in software sales in the fourth quarter of 2010. As part of this development, demand for services in the area of system integration also increased notably at the end of the second quarter. Although its recovery was slightly delayed, the positive developments seen in system integration services is expected to progress.

Managed services continued to show the effects of the crisis in financial year 2010. The segment was characterized by heavy pricing pressure and shorter contract periods. More detailed information about the business development of the 3 segments of the syskoplan group can be taken from the segment reporting published in the annex.

Overall, the prevailing mood in the IT industry is the best it has been in years. The IT industry association index BITKOM increased to 69 points in the fourth quarter of 2010 – its highest value since the inception of the mood indicator in 2001. Software publishers and IT service providers in particular are on the hunt for new employees. This also intensifies the lack of qualified specialists – a problem which one in two companies in the industry lists as their greatest hindrance to further growth.

Current estimates for the future economic development of the industry are reflected in the annual global survey of 4,000 IT executives carried out by Gartner Research. The exact results of the 2011 CIO Agenda are summarized in the following table:

Business expectations	**CIO business priorities**			
Ranking	**2011**		**2010**	**2014**
Increasing enterprise growth	**1**		**-**	**1**
Attracting and retaining new customers	**2**	↑	5	3
Reducing enterprise costs	**3**	↓	2	6
Creating new products or services (innovation)	4	↑	**6**	**4**
Improving business processes	5	↓	1	13
Implementing and updating business applications	6		**-**	**12**
Improving the technical infrastructure	7		-	7
Improving enterprise efficiency	8		-	10
Improving operations	9		-	2
Improving business continuity, risk and security	10		-	23
Expanding into new markets or geographies	11	↑	13	5
Attracting and retaining new employees	12	↓	4	8
Introducing and improving business channels	15	↔	15	9

Source: Reimagining IT: The 2011 CIO Agenda, Gartner Research, January 2011

The year 2010 was characterized by economic, strategic, and technological changes and developments. Companies are currently showing a notable tendency towards expanding their business, with aspects such as innovative ability, competitive advantage, and customer growth heading the list of priorities.

One of the greatest challenges for companies' IT departments will be supporting the ambitious growth targets set due to the overall economic recovery. With increasing growth, topics such as gaining and retaining new customers, reducing costs, innovation, and improving business processes have regained the top spots on the agenda for CIOs.

The strategic importance of IT for reaching business goals continues to increase. However, this does not always lead to an increase to the IT budget. For this reason, interest in such topics as cloud computing, lighter weight technologies, and virtualization is particularly high. These agile technologies should help CIOs save on costs and free up additional resources, which in turn help satisfy the increasing need for innovation and solutions that support the company's growth. Even though many companies have their own specific requirements for the architecture, performance, and security of a cloud infrastructure, standardized cloud services (SaaS, PaaS, IaaS) have already established a central role within the market. It is therefore expected that cloud computing in particular will experience a boom in investments over the next few years – establishing new business models and services along the way. The current economic, strategic, and technological changes taking place require market participants to begin preparations in this direction immediately.

3. Set-up of the syskoplan Network

The syskoplan Group is comprised of a network of companies that combine the strength of a large company with the agility and customer proximity of highly specialized, smaller units. This network is based on the following fundamental principles:

+ Focused business units, which are managed as individual companies, sustain the operative business.

+ Cross-divisional functions such as finance, marketing, HR, IT, or investor relations are centrally operated by departments within syskoplan AG.

+ Focusing each business unit on individual specializations (industries, applications, or technologies) allows us to provide first-class expertise paired with extensive experience. This in turn enables us to maintain a high level of quality and pass on the corresponding benefits to our customers.

+ Each business unit works as an independent company within the network. At the same time, their affiliation with the network provides them with a corresponding size, economic backing, and reputation. Their incorporation into the international network of the main shareholder, Reply S.p.A., gives them access to additional specialist expertise.

The Group is managed on the basis of the key figures sales, EBITDA margin (earnings before interest, taxes, depreciation, and amortization; based on revenue) and EBT margin. By contrast, the performance of individual business units is judged using the key figures sales (achievement of sales targets) and EBIT margin. The following table shows how these key figures have developed over the past few years:

	2010	2009	2008	Change 10/09	Change 09/08
Revenue	60,174	55,050	60,811	+ 9%	– 9%
EBITDA margin	10.1%	7.2%	12.2%	+ 2.9 pp	– 5.0 pp

Revenue in Euro thousand

4. Corporate Governance Declaration (§ 289 a HGB)

According to the German Accounting Law Modernization Act (BilMoG), which became effective on May 29, 2009, the intended readers of financial statements prepared in accordance with §289a of the German Commercial Code are to be informed in detail on corporate governance and corporate management practices via a declaration on corporate governance. syskoplan AG makes its declaration publicly accessible by publishing it on its website. Interested parties can view the declaration at www.syskoplan.de under Investor Relations – Corporate Governance – Declaration of Compliance.

5. Sales Trend and Reference Projects

The positive development in sales and the increase in earnings for 2010 were greater than we forecasted last year. These developments are mainly due to a stabilization of the economic situation within the markets where syskoplan Group is active. Our customers' willingness to invest in innovative IT solutions increased over the second half of the year in particular. syskoplan Group gained an additional major customer in 2010.

The operating business of syskoplan Group was notably influenced by the economic recovery in 2010. The figures for sales development and earnings improved with each quarter. Sales for the first quarter amounted to EUR 13.7 million, while the second quarter posted sales of EUR 14.2 million, representing an increase of 3%. This trend continued to gain strength in the second half of the year leading to sales that increased from EUR 55,0 to EUR 60,2 million. This increase of 9% is due to an improvement of the sales productivity. In the financial year under review it rose by 14% to EUR 150 thousand (previous year: EUR 131 thousand), overcompensating the workforce reduction.

Furthermore, in the financial year 2010 syskoplan Group intensified its work with freelancers in order to be able to flexibly react to fluctuations in the demand for IT services. In the same way, the use of nearshoring, e.g. incorporating employees from the majority Italian shareholder in suitable projects, is also a useful and important option.

In the financial year 2010, we were able to complete numerous projects with high visibility on the market for IT services. Important references are the "Sky Sport App" and the "Sky Mobile App", both offered by the pay-TV station Sky for its customers in Germany and Austria, enabling its subscribers to watch live sporting events on their mobile devices no matter where they are. syskoplan and Reply worked together with Sky Deutschland partners. The partners were able to successfully implement the solution very quickly.

On June 11, 2010, the Sky Sport App for the iPad went live – just in time for the World Cup in South Africa. The sporting events covered by the offer included all 64 games from the World Cup, all German Bundesliga and second Bundesliga soccer games as well as all the games from the UEFA Champions League, the DFB Cup, and the German Ice Hockey League (DEL), plus international golf events, Formula 1 racing, and top matches from the English Premier League. The application was downloaded over 76,000 times by the year's end, making it one of the most successful applications in the German App Store from Apple. On November 30, 2010, the application received the "Kress Media Award" in the "Digi:media – Web / Mobile" category.

With the Sky Sport Mobile App, syskoplan and Reply expanded the range of mobile services offered to Sky subscribers. Upon downloading the app from the iTunes Store, Sky subscribers can enjoy live sporting events from their iPhone or iPod Touch. High functionality and ease of use were once again the guiding principles that syskoplan and Reply set for implementing this application. The launch of the Sky Sport Mobile App was a resounding success: just ten days after launching, the application had been downloaded over 100,000 times and is therefore one of the most successful iPhone apps.

To satisfy the further need of customers for innovative solutions our subsidiary is4 GmbH & Co. KG developed for an application marketing departments of consumer goods manufacturers, consumers can download on their mobile equipment from the internet. Consumers, who would like to receive information about a certain product in a supermarket, start the application on their mobile devices and scan the barcode at the push of a button. After that, an inquiry is made to an application developed by is4 which is hosted “in the cloud". This application receives the inquiry, looks for available contents in the database of the consumer goods manufacturer referring to the respective product and returns information to the mobile device of the consumer in the supermarket prepared as HTML pages. With the is4 product app consumer goods manufacturers can economically take into account the current information behavior of their target customers by means of innovative technologies. They actively cultivate the dialog with the consumer via mobile devices and are present with their products when and where the consumers would always like it.

A lot of products and solutions developed by syskoplan group in 2009 were implemented at clients in financial year 2010. For example, syskoplan supported its client Volkswagen Financial Services AG to cope with the various requirements of the credit decision-making process for business clients and key accounts. The client implemented the syskoplan solution "syskoplan e.KV" to avoid redundant steps, reach faster processing times and a higher degree of automation. The introduction of the software in the area of business clients started in October 2010 and will be completed at the end of the first quarter 2011. The first users already work successfully with the new system. The resonance is very positive. The key account area already uses the electronic credit application since June 2010 to make credit decisions in the area of fleet financings. 2,000 credit applications were already executed via the new solution and considerably increased efficiencies.

The consumer goods manufacturer Hengstenberg successfully implemented the is4 solution xpressPSA. With xpressPSA the syskoplan subsidiary is4 GmbH & Co. KG offers a product tailored to the consumer goods industry for the integrated planning and simulation of conditions, sales volume and sales revenue,. Since retailers more and more use condition management systems to make contracts with suppliers transparent and comparable for all dealers, a comparable condition management system gains meaning for suppliers like Hengstenberg, they want to be a partner on eye-level.

The demand for analysis and report tools to be operated efficiently, fast and intuitively grows steadily primarily in the business departments. Against this background, syskoplan in 2009 has formed a partnership with QlikTech GmbH which with QlikView has specialized in these analysis needs from the beginning. The partnership was deepened by a successful customer project in 2010. Refresco, leading European manufacturer of fruit juices and refreshments, implemented the business Intelligence solution QlikView with support of syskoplan. Refresco gets an overview of its heterogeneous data with the help of the solution and takes faster fact based decisions with the in-memory technology. Not only the enterprise but also the users of the solution, who are pleased about the very simple operation, benefit from it.

6. Personnel Trend

The number of employees working within the Group as of December 31, 2010, including Executive Board members, decreased by 4% compared with the end of 2009 and totaled 409 employees. Apart from normal fluctuation this reduction in workforce was also caused by internal restructuring measures. In the first half of the year the business portfolio of syskoplan group was reshaped in the course of the strategy 2012. In the second half measures had to be initiated at the subsidiary is4 due to an expiring outsourcing contract. Converted into full-time equivalents, the number of employees working at syskoplan Group dropped by 5% to 401 employees for the financial year 2010.

7. Disclosure of takeover provisions

7.1 Composition of Share Capital

syskoplan AG's share capital is divided into 4,745,669 individual bearer shares, each with notional share of the share capital of EUR 1.00. Each share grants equal rights and one vote at the Annual General Meeting. Rights and duties are determined according to German Stock Corporation Law (AktG).

7.2 Restrictions

Restrictions regarding voting rights or transfers of shares do not exist except those with regard to treasury stock. syskoplan AG is not entitled to any rights from treasury shares (§ 71b AktG).

7.3 Special Rights

No shares with special rights granting power of control have been issued.

7.4 Authorization of the Executive Board to Issue Shares

A resolution was passed at the Annual General Meeting on September 20, 2000 to implement a conditional capital increase of up to a nominal amount of EUR 300,000 by issuing up to 300,000 new individual bearer shares for the exercise of subscription rights under a share option plan. A total of 290,520 share options were issued within the scope of this authorization. A total of 14,991 subscription rights were exercised in financial year 2010, resulting in the issue from this conditional capital of 14,991 new individual bearer shares with a nominal value of EUR 1.00 each. 13,791 option rights expired in 2010. As of December 31, 2010, a total of 23,481 subscription rights remained exercisable.

At the Annual General Meeting on May 28, 2010, the existing but not yet exercised authorization of the Executive Board to increase capital (approved capital) was extended until May 27, 2015 and amended as follows. With the approval of the Supervisory Board, the Executive Board is authorized to increase the share capital by up to EUR 2,367,029.00. This authorization was not exercised in financial year 2010, meaning that a total of EUR 2,367,029.00 in approved capital remained as of December 31, 2010.

7.5 Shareholdings Exceeding 10% of the Voting Rights

The Italian IT company Reply S.p.A., Turin, Italy, informed the Executive Board of syskoplan AG on October 9, 2009 that it had exceeded the threshold of 75% of the voting rights in syskoplan AG on October 7, 2009. As of October 7, 2009, Reply S.p.A. held 76.09% of the syskoplan shares either directly or indirectly, corresponding to 3,598,330 shares. Alika s.r.l., Turin, Italy, informed the company that the voting rights assigned to Reply S.p.A. are attributable to Alika s.r.l. The Chairman of the Supervisory Board, Dott. Mario Rizzante, also informed the company that the voting rights held by Alika s.r.l. are attributable to him. As of December 31, 2010, the shareholding of Reply S.p.A. amounted to 79,53% of the voting rights, corresponding to a total of 3,774,115 voting rights.

7.6 *Control of Voting Rights*

Voting right controls do not exist for employees holding part of the share capital.

7.7 *Appointing and Discharging the Executive Board & Changes to the Articles of Incorporation*

The number of members on the syskoplan AG Executive Board is determined by the Supervisory Board. The Supervisory Board can appoint a member of the Executive Board as Chairman. Executive Board members are appointed and discharged in line with §§ 84 and 85 of the German Stock Corporation Law (AktG).

Any change to the articles of incorporation must be approved by a resolution passed at the Annual General Meeting (§ 133 AktG). Changes to the articles of incorporation are passed with a simple majority of the votes cast and, if a capital majority is required, with a simple majority of the share capital represented, as long as no other legal provisions require a greater majority. The Supervisory Board has been granted the authority to make changes which only affect the wording (§ 179 AktG).

7.8 *Authorization of the Executive Board to Buy Back Shares*

The Annual General Meeting on May 28, 2010 authorized the Executive Board to acquire treasury shares of up to 10% of the share capital existing as of that date of EUR 4,742,539.00 in accordance with § 71 Paragraph 1 No. 8 of the German Stock Corporation Law (AktG). This authorization is valid until November 27, 2015. Together with other treasury shares owned by the company or attributable to the company according to §§ 71a ff AktG, shares acquired on the basis of this authorization may not at any time exceed 10% of the current share capital of the company (§ 71 AktG). The authorization may not be used by the company for the purpose of trading in treasury shares. As of December 31, 2010, syskoplan AG held 1,720 treasury shares.

7.9 *Key Agreements Subject to Conditions*

syskoplan AG does not have any material agreements that are subject to a change of control following a take-over bid.

7.10 *Domination Agreement*

On April 14th, 2010 syskoplan AG and Reply S.p.A. have announced the intended conclusion of a domination agreement that has been approved by the general meeting on May 28th, 2010. Shareholders of syskoplan AG, who have not accepted the cash compensation offer, remain minority shareholders and are entitled to the payment of a recurrent amount as fixed appropriate compensation The compensation according to § 304 AktG amounts to EUR 0.53 gross per non-par-value share under deduction of corporation tax to be paid by syskoplan. The applicable German corporate income tax rate at the time of conclusion of the Agreement, including solidarity tax, is 15.825 %. Currently this equals a corporate income tax deductible of EUR 0.08 resulting from profits charged with German corporation tax and solidarity surcharge that is contained in the gross amount.

Given the current German corporation tax of 15% and solidarity surcharge the complete compensation payment currently amounts to EUR 0.45 per non-par-value share for each full financial year.

7.11 *Compensation Agreements*

syskoplan AG has not concluded any agreements with its Executive Board members or staff regarding compensation in the case of a take-over bid.

8. Shares and Options Held by Board Members

As of the end of 2010, Dr. Jochen Meier held 1 syskoplan share (previous year: 1 share). The other members of the Executive Board did not hold any syskoplan shares. They also did not hold any share options as of the end of 2010.

As of December 31, 2010, Supervisory Board Chairman, Dott. Mario Rizzante, held 3,774,115 syskoplan shares, which are indirectly attributable to him according to § 22 of the German Securities Trading Law (WpHG) (previous year: 3,733,436 shares). Dr. Niels Eskelson held 500 shares as of the end of the 2010. The other members of the Supervisory Board did not hold any shares. No options were issued to Supervisory Board members.

9. Remuneration Report

In accordance with the Act on the Appropriateness of Executive Board Compensation (VorstAG) which came into force on August 5, 2009 the Supervisory Board is responsible for concluding contracts with the Executive Board members and therefore setting their remuneration. The Supervisory Board's remuneration is based on the articles of incorporation and is set by the Annual General Meeting. Further details are contained in the remuneration report which can be found in the Corporate Governance report on the pages 36 et seq.

10. Investment Activities

A further EUR 0.5 million was invested in tangible non-current assets especially in data processing equipment (previous year: EUR 1.6 million). In 2010 no further investments in software posted as intangible assets incurred (previous year: EUR 0.2 million).

11. Asset Position, Financial Position, Earnings Position

11.1 Asset and Financial Position

syskoplan Group's consolidated balance sheet total increased by 4% to EUR 52.8 million in 2010. In the same period, the proportion of total assets accounted for by current assets rose to 68% (previous year: 62%). This development is mainly attributable to the increase in liquid assets and trade accounts receivable. Trade accounts receivable grew by 32% to EUR 11.9 million. Liquid assets rose by 10% to EUR 22.0 million due to a strong business performance as well as additional customer prepayments.

Non-current assets amounted to EUR 16.9 million for the year under review (previous year: EUR 19.0 million). They accounted for 32% of total assets as of the end of 2010 (previous year: 38%). The ratio of non-current assets to equity totaled 180% (previous year: 154%). Goodwill as of December 31, 2010 was subjected to an annual impairment test. InteractTiV GmbH & Co. KG has posted losses over the last three years despite realignment and organizational adjustments. We no longer expect the company to become profitable in the future without the benefit of synergies arising from working more closely with other syskoplan units. This led to the remaining goodwill from the purchase of InteracTiV GmbH & Co. KG of EUR 0.8 million being written down in full. Impairment tests for the companies macrosInnovation GmbH and Xuccess Consulting GmbH did not show a need for any corrective measures.

Goodwill decreased in 2010 to EUR 10.2 million (previous year: EUR 11.0 million). In relation to the balance sheet total, goodwill amounted to 19% (previous year: 22%). The ratio of goodwill to equity totaled 33% (previous year: 37%).

On the liabilities side of the balance sheet, syskoplan Group increased its current liabilities by 15% from EUR 13.0 million to EUR 15.0 million in line with the course of business. This accounted for 28% of the balance sheet total (previous year: 26%). Other financial liabilities decreased by EUR 2.4 million to EUR 2.0 million. This is mainly due to the settlement of performance-based purchase price obligations stemming from the purchase of macrosInnovation GmbH and Xuccess Consulting GmbH as well as the partial reclassification of liabilities from finance leases to non-current liabilities. By contrast, trade accounts payable increased from EUR 1.3 million to EUR 2.5 million. The remaining current liabilities fell by 45% to EUR 4.4 million. This is largely due to the rise in customer payments received and the increase in deferred income.

Non-current liabilities including pay-off obligations to limited partners of subsidiaries decreased by EUR 0.8 million to EUR 7.4 million, mainly as a result of the decline in other financial liabilities. Pay-off obligations to limited partners of subsidiaries resulting from the withdrawal from is4 GmbH & Co. KG fell by EUR 0.2 million in financial year 2010 due to the weak performance of is4 GmbH & Co. KG.

syskoplan Group's equity ratio held constant during the reporting period at 58%. Share capital also remained stable during the year as did the capital reserve. Due to the considerable gains seen in consolidated net income for the year of EUR 2.2 million and a distribution of net profit only half as large as the previous year, consolidated retained earnings increased by 20% to EUR 6.5 million.

11.2 Liquidity Situation

syskoplan Group's cash and cash equivalents continued to rise in financial year 2010. Net working capital amounted to EUR 20.9 million (previous year: EUR 18.4 million).

In the year under review, an inflow of funds from operating activities totaling EUR 6.9 million was generated. In the previous year, the inflow of funds amounted to EUR 1.4 million. This increase is primarily due to the substantial boost to operating business and the considerably higher provisions in comparison to the previous year. In relation to revenue, cash flow from operating activities increased from 2.6% to 11.5%.

Investments led to an out flow of funds amounting to EUR 2.1 million in 2010. The previous year saw an outflow of EUR 2.3 million. Investment payments were mainly comprised of payments for the purchase of the remaining stake in macrosSolution, the purchase of IT equipment and software, as well as non-current financial assets.

The outflow of funds from financing activities amounted to EUR 2.1 million, which was primarily attributable to dividend payments, withdrawals by limited partners of third-party companies, and the repayment of finance lease liabilities (previous year: outflow of EUR 3.0 million).

In total, cash and cash equivalents increased by EUR 2.1 million in 2010 to EUR 22.0 million. The ratio of liquid assets to current liabilities was 147% in 2010 (previous year: 153%). Taking receivables and other immediately realizable items into account moves the ratio up to 240%, in comparison to 243% from 2009.

syskoplan Group was at all times able to meet its payment obligations on time in financial year 2010 and remains able to do so moving forward.

12. Earnings Position

syskoplan Group's earnings position improved considerably over the past year thanks to the economic recovery and corresponding relief to investment bottlenecks. The Group's EBITDA margin (EBITDA to sales), a key management metric, climbed back up into the targeted double-digit range with 10.1%, after experiencing a decline to 7.2% in 2009.

Sales for the syskoplan Group jumped 9% in 2010, rising from EUR 55.0 million to EUR 60.2 million.

The cost of revenue increased 5% in 2010, rising to EUR 44.1 million (previous year: EUR 41.8 million) with a workforce reduced by 5%. This development is due to the significant rise in expenses for third-party services. Gross profit from sales totaled EUR 16.1 million, compared with EUR 13.2 million in 2009. The gross margin (gross profit from sales in relation to revenue) increased to 27% (previous year: 24%).

Selling and marketing expenses rose 9% to EUR 5.9 million in the reporting period. Administrative expenses remained stable at EUR 6.2 million. An analysis of the Group's total costs shows an increase of 5% from last year for a total of EUR 56.2 million. Personnel expenses increased just slightly at EUR 34.0 million – a 1% increase for the year. The cost of purchased services grew significantly this past year, mainly due to the extensive use of external capacities, climbing by 48% to EUR 7.3 million. Operating expenses (not including purchased services) rose only 1% to EUR 14.9 million.

Operating income (EBIT) increased by 129% to EUR 3.6 million (previous year: EUR 1.6 million). The financial result before expenses relating to limited partners of third-party companies amounted to EUR 0.0 million due to strongly reduced interest income stemming from low interest rates.

The tax expense amounted to 38.2% of earnings before tax in the reporting period. The level of the tax rate for 2010 can be chiefly attributed to the write-downs on goodwill, which are not tax-deductible. In 2009, the rate was 69.6% due to out-of-period tax expenses arising from an external tax audit.

Earnings from continuing operations amounted to EUR 2.2 million (previous year: EUR 0.1 million) after taxes, expenses from the reevaluation of pay-off obligations, and the credit of profit shares for limited partners of subsidiaries. A final tax rebate from the liquidated US subsidiary was added to earnings from discontinued operations in 2009. There were no expenses or earnings to report in this post for 2010. Net profit for the year amounted to EUR 2.2 million, compared to EUR 0.2 million in the previous year. In terms of earnings per share, this represents both basic and diluted earnings of EUR 0.46 per share (previous year: EUR 0.03).

Altogether syskoplan group coped well with the greatest economy and financial crisis since the Second World War. The order situation, the sales volume and the profit development in the different business units show that we are on the way to old growth and margin strength. So the order backlog of the syskoplan group has increased by 21% from EUR 42.9 million in January 2010 to EUR 52.1 million in January 2011. The average order backlog range has increased from 254 to 341 days. For the calculation of the order backlog syskoplan considers all orders with a completion probability of at least 70%. Long-standing experience shows that this method is reasonable.

This development was surely due to the economic recovery we saw in the segments consulting and system integration. Furthermore the group also was made more powerful by internal measures in the context of the strategy 2012, however. Our business orientation and our portfolio were reshaped. We have increased our efficiency and our flexibility by means of intensified cooperation with external resources for better management of economic fluctuations. Altogether, syskoplan group has improved its competitive position in the markets and put a good starting point for further growth.

13. Opportunities and Risk Report

13.1 Risk Management System and Accounting-related Internal Audit System

A systematic risk management system at syskoplan helps the Group identify and minimize risks as well as recognize opportunities at the same time. The operating units and central divisions of syskoplan AG and its subsidiaries are integral components of this system. As part of the corporate strategy, the Group's risk policy is geared towards continually and systematically increasing the company's value. It acts to safeguard the company's continued existence as a going concern. In doing so, it also protects the Group's name and reputation as well as its "syskoplan" brand.

An analysis of the risks and the opportunities associated with them is always a prerequisite for a systematic risk strategy. In the Group's key competencies, it deliberately takes and accepts risks which are reasonable, clearly definable, and controllable, provided they are also expected to entail a corresponding increase in value. The aggregate total risk may not exceed the existing overall risk coverage capability.

In fulfilling its overall responsibility, the Executive Board of syskoplan AG has established a framework for efficient risk management by issuing guidelines applicable throughout the Group.

Responsibility for the early detection, communication, and management of risks resides with the partner companies as the heads of operating units as well as with the managers of holding company departments. In particular, the holding company is responsible for assessing cross-divisional issues and possible cumulative effects arising from various risks. A Group-wide risk inventory is conducted annually. Throughout the year, syskoplan Group monitors its business objectives and risks using the control systems, procedures, and reporting standards which it has implemented.

Part of the audit systems implemented is the internal audit system for accounting. Its purpose is to fully map all business transactions in both the separate and the consolidated annual financial statements. The checks and controls established throughout the Group in all process segments are examined for effectiveness on a regular basis and developed further. These controls comprise automated checks within the SAP system as well as manual checks of the business processes carried out by employees. This includes the monthly review meetings, at which the sales pipeline for booking "other customers" is evaluated on an ongoing basis. Also included are the regular reviews of complex projects as well as projects subject to particular risks. The subject matter of these reviews additionally includes the respective project situations, a comparison of hours worked with those budgeted, and the valuation of work in progress. The monthly and quarterly reports as well as the annual financial statements are also subject to detailed reviews. The uniformity of accounting and valuation methods is ensured via the central accounting system for all Group companies at syskoplan AG.

The correctness of the annual financial statement of the Group is assured during preparation by strict adherence to the double-check principle.

Regular briefings provide reports on the status of and any changes in major risks. Risk management instruments are continuously developed further and are an integral part of the operating business.

The risk management system of syskoplan Group records and analyzes the main risks to syskoplan AG and the units in its network on a decentralized basis at regular intervals. The risks are classified by probability of occurrence and level of damage. Additionally, risk management measures already implemented are reviewed and any measures still to be implemented are defined and announced. In order to enable syskoplan Group to react as soon as possible on unfavorable developments, early warning indicators are observed for the respective risk categories as far as possible.

Gross risks are identified without taking into account the risk management measures introduced. Net risks are also identified by including in the valuation the effects from adjustment or risk-shifting measures. In addition, a special procedure for evaluating the risk from customer relationships has been established for the purpose of identifying risks in the business relationship with the various customers early on. This is used particularly in the case of fixed-price projects of EUR 100 thousand or more.

13.2 Presentation of the Risk Position

syskoplan conducts a risk assessment one to two times per year with a focus on the operating business. The risks analyzed include:

+ the concentration on certain customers or sectors
+ the behavior of partners and competitors
+ the further development of the business model with regard to software “as a service”
+ strength in sales
+ employee fluctuation (the loss of experienced employees)
+ gaining new, qualified employees
+ securing specialist expertise within the company

All of these are typical risks to which an IT provider is exposed. Every executive within the business units and central departments of the holding receives an individualized catalog of risks relevant to their area of responsibility – these risks are then evaluated on an individual basis. The results are evaluated centrally and compiled into a risk analysis for the entire Group. The most recent analysis, from the second half of 2010, classified all current risks as ranging from “negligible” to “minor” (on a scale of negligible – minor – major – extreme). This corresponded closely with the general economic recovery, particularly in the second half of 2010.

All in all, the risk inventory showed that– in light of the risk coverage capability and implemented risk management measures – as of the balance sheet date of December 31, 2010 there are no risks which pose a threat to syskoplan Group’s continued existence as a going concern. This statement is also valid taking into account possible enterprise risk accumulation effects.

With its operating activities, syskoplan Group is exposed to typical business risks. In particular, these include decreasing demand and fluctuations in the hourly rates for consultancy services.

These risks are countered by taking action in the field of sales and capacity management, including the use of freelance personnel, an option that was exercised extensively in 2010. Projects are monitored closely so as to counteract potential budget overruns on fixed-price projects. The managers of the operating units keep a close eye on technological developments and the development of business processes in the various industries where syskoplan Group is active. They are supported by the holding's central departments, which work with various market research companies.

Skilled and committed employees as well as gaining and retaining highly qualified new employees are crucial success factors for the company's further development. The emerging demographic changes highlight the importance of acquiring talented employees in order to be able to achieve company growth. syskoplan continues to position itself as an attractive employer in order to build up and strengthen its position in the market for employees. It also aims to retain its staff long term. The company's staff development activities include attractive incentive systems, the early identification and support of candidates with potential, and the creation of good career prospects.

There are no pending or known court proceedings which would substantially impair syskoplan Group's financial position. As a result, syskoplan Group does not expect its business developments to suffer any major setbacks in this regard.

If the overall economic situation is negatively impacted in 2011 as a result of new economic issues arising from the debt crisis of financially-struggling Eurozone countries, or unrest in various Arab nations, this will have a trickle-down effect on the IT services industry. syskoplan Group takes these risks into account by operating a demand-oriented staff deployment system.

13.3 Report on Risks Associated with Financial Instruments

In the area of financial planning, the usual methods of planning and control are used to guarantee liquidity at all times. syskoplan Group transacts its cash investments with various banks, which are all part of a deposit insurance fund. As some of the liquid assets are invested on a floating-rate basis, there is a risk of interest rate fluctuations. Foreign exchange risks play a minor role for syskoplan Group. In individual cases, expected customer payments in a foreign currency are hedged through the conclusion of forward exchange transactions. As regards debtors, developments in the backlog of receivables are monitored continuously. Default risks are adequately covered by the existing value adjustments. Within receivables, there is a risk concentration as regards a number of major customers and industries. The extent of business with major customers and specific industries is monitored on an ongoing basis. However, given the high payment speed and the current credit standings of these major customers, syskoplan Group does not foresee any risks.

Special attention continues to be paid to the monitoring of risks arising from changes in the value of goodwill. This is especially necessary as syskoplan Group's stated strategy is to diversify its business portfolio by purchasing additional external companies. Such a strategy comes with the inherent risk that business performance may not match up to initial expectations. This risk is addressed within the framework of project controlling and monthly review meetings. Additionally, internal company valuations are conducted yearly for the main equity investments. If necessary, external experts are consulted.

The risks involved in the performance of InteracTiV sysko GmbH & Co. KG, whose results have thus far fallen short of expectations, were compensated for with the full write-down of the equity investment value. As for all other business units that carry goodwill, syskoplan AG assumes that the equity investments will develop as planned.

There is generally a risk that compensation obligations might become due in the case of limited partners in subsidiaries departing from the Group, thus leading to a reduction in liquidity for syskoplan Group. Due to the requirement of IFRS regulations to measure the pay-off obligations at fair value, this entails the risk of a change in value that is beyond the company's control.

The continued existence of syskoplan Group as a going concern is not endangered by any factors relating to substance or liquidity. This assessment is supported by the analysis of business trends and liquidity presented here. The existing liquidity portfolio and equity base are a more than adequate foundation for the implementation of our strategic goals. There are no identifiable risks which pose a threat to the Group's continued existence.

14. Opportunities and Outlook

With record-breaking economic growth of 3.6% in 2010, Germany was able to climb back out of the deepest recession it had experienced since the Second World War. The economic boost has continued into the currently starting year as well. The current 2011 financial year will see a shift into a somewhat more relaxed gear, if for no other reason than the fact that many of the programs that were implemented to fend off the crisis will now be expiring. The majority of research institutes and economists are therefore forecasting economic growth rates ranging between 2% and 2.5% for the financial year 2011.

For the information technology industry, 2010 was a year of financial, strategic, and technological transitions. The focus put on continuing to improve business processes and the short-term amortization of investments strengthened the IT sector. In this new economic situation, IT's role will now focus on acting as a strategic engine in support of companies' growth targets.

Company IT departments will therefore shift their focus to the areas of customer acquisition, innovative ability, and enhancing their competitive edge. The use of agile technologies such as virtualization or cloud computing will play a key role in these objectives.

syskoplan expects the high demand for IT services stemming from delayed IT investments to normalize in 2011. Based on this premise and the assumption that the economy will not suffer negative impacts from the debt crisis in financially unstable Eurozone countries, syskoplan is forecasting a mid-single-digit sales increase for the year. We also anticipate a slightly improved EBITDA margin in comparison to 2010. The result of these forecast developments would yield a further increase in both absolute and relative earnings before tax.

For 2012, syskoplan sees the IT market remaining on a similar course to 2011 in regards to growth rates. syskoplan anticipates that its own business activities will develop in line with market growth rates. Earnings before tax should also continue to improve further.

The diversification of syskoplan Group's business portfolio is also to be expanded through additional acquisitions and/or the founding of start-up companies. Here, the primary focus will remain on maintaining syskoplan's strengths of profitability and liquidity.

syskoplan provides its customers with reliable and innovative solutions in the field of information technology. In addition to its previous concentration on IT services for efficient corporate management and utmost quality in customer projects, additional priorities are to be set in the area of innovation and the provision of agile solutions (e.g. in the areas of "software as a service" and cloud computing). To accomplish this, syskoplan will promote further integration into Reply Group's network.

syskoplan has left the crisis successfully behind and is convinced to have put the basis for a successful future with the reshaping of the business orientation, its portfolio structure, the improved resource mix and the intensified cooperation with Reply.

15. Events After the Balance Sheet Date

No significant events occurred after the balance sheet date of December 31, 2010 that would have a material effect on the Group's asset, financial or earnings position.

Gütersloh, February 25, 2011

syskoplan AG
The Executive Board

2.2 The Boards

Executive Board

In the year under review the following individuals were members of the Executive Board:

Josef Mago, Glashütten
Chairman of the Executive Board (since 1/1/2010)
Corporate development, Capital Market, M&A and HR for Partners

Dott. Daniele Angelucci, Gütersloh
Finance, Shared Services, Governance, Compliance and Boards (until 12/31/2010)

Dr. Jochen Meier, Löhne
Operations, Sales and Personnel

Supervisory Board

In the year under review the following individuals were members of the Supervisory Board:

Dott. Mario Rizzante
Chairman
Turin, Italy
President of Reply S.p.A.

Dr. Niels Eskelson
Deputy chairman
Paderborn
Consultant

Dr. Stefan Duhnkrack
Hamburg
Partner Heuking Kühn Lüer Wojtek

Dott. Riccardo Lodigiani
Turin, Italy
Senior Partner of Reply S.p.A.

Dr. Markus Miele
Gütersloh
Managing Director of Miele & Cie. KG

Dott. Tatiana Rizzante
Turin, Italy
Senior Partner of Reply S.p.A.

2.3 Report of the Supervisory Board

In the 2010 financial year, the Supervisory Board once again took great care to perform its duties in accordance with the law and the articles of incorporation. It advised the Management Board regularly and monitored the management of the company. The Supervisory Board was involved directly and at an early stage in all decisions of fundamental importance to the company.

The Management Board informed the Supervisory Board in detail about all the relevant aspects of corporate planning and strategic development, about the course of business, and about the Group's position. Whenever business developments differed from the plans and objectives, the Supervisory Board was given an explanation of each individual deviation, which it subsequently reviewed using the provided documents. The Supervisory Board made decisions on business transactions requiring its consent under the rules of procedure issued for the Management Board. Whenever required by law or the articles of incorporation, the Supervisory Board voted on the Management Board's reports and proposed resolutions following thorough checks and deliberations.

Furthermore, the Chairman and other members of the Supervisory Board maintained regular contact with the Management Board outside of the Supervisory Board meetings. They received prompt updates on the latest developments in the business position and on key business events.

In the 2010 financial year, four regular meetings were held (March 5, May 28, September 1, and December 1, 2010). In addition the Supervisory Board met for an extraordinary meeting on April 14, 2010. No Supervisory Board member attended fewer than half of these meetings. In addition, the Supervisory Board made several decisions on the basis of circulating documents and in the context of telephone conferences.

Wide Range of Topics Covered by the Supervisory Board

Given the size of syskoplan AG and of the Supervisory Board itself, it has been decided not to form committees. The plenary discussions regularly covered the sales, earnings, and workforce trends within the Group and its various units, plus the financial position and all shareholdings and other investment projects. In all meetings the Supervisory Board approved business affairs with the legal partnership Heuking Kühn Lüer Wojtek (HKLW) according to § 114 German Stock Corporation Act (AktG) and took notice of the fact that services rendered by Dr. Stefan Duhnkrack, partner of HKLW, under the scope of his supervisory board mandate have not been part of the invoiced services.

The meeting on **March 5, 2010** focused primarily on the annual and consolidated financial statements for 2009. The Supervisory Board discussed the results of the business units and the strategy until 2012. Furthermore, the Supervisory Board approved the purchase of the minority participation in discovery sysko GmbH (20.0%) and macrosSolution GmbH (25.1%).

In the extraordinary meeting on April 14, 2010 the Supervisory Board approved the domination agreement between syskoplan AG and Reply S.p.A.

At the meeting on **May 28, 2010** the Supervisory Board discussed in detail with the acquisition of a major customer and the related chances and risks. Furthermore, the consolidation of several legal entities of the syskoplan group was discussed.

The ordinary meeting of **September 1, 2010** focused on the strategic reorganization of the data center business at is4 GmbH & Co. KG as well as the management of macrosInnovation GmbH.

With the resolution via circular procedure dated November 19, 2010 the Supervisory Board revoked Mr. Dott Daniele Angelucci upon his own wish and appointed Dott. Flavia Rebuffat as member of the Management Board of syskoplan AG.

In the meeting on **December 1, 2010** amongst others the Management Board provided information on the status of planning for the 2011 financial year. The Supervisory Board again requested information on the current status and the enhancements of the risk management system. Another focus was the Topic rebranding/reorganization. The brands of the different business units of syskoplan group were elaborated and adjustment proposals for new brands were presented under inclusion of the Reply name. Furthermore, the possibilities were discussed, how to merge legal entities of the syskoplan group in a reasonable and adequate way.

Conflict of interest

The Supervisory Board is obliged to examine potential conflicts of interest of its members on a regular basis.

The member of the Supervisory Board Dr. Stefan Duhnkrack is partner of the legal partnership Heuking Kühn Lüer Wojtek. Heuking Kühn Lüer Wojtek is advising syskoplan AG as well as its affiliated companies with the approval of the Supervisory Board.

In all of its meetings the Supervisory Board approved business affairs with the law firm Heuking Kühn Lüer Wojtek according to § 114 AktG. Due to regular and ongoing examination the Supervisory Board has ascertained that the services rendered by Dr. Stefan Duhnkrack, that fall within the scope of his mandate as member of the Supervisory Board, are in no way part of the services invoiced by Heuking Kühn Lüer Wojtek. Supervisory Board members of syskoplan AG are obliged to disclose potential conflicts of interest towards the whole board and not to participate in discussions of subjects that might lead to a conflict of interest. In this connection there were no indications for potential conflicts of interest in the 2010 financial year. Further measures with regard to these possibly latent conflicts of interest were not necessary.

Declaration of Conformity with the Corporate Governance Code

In its meeting on December 1, 2010, the Supervisory Board dealt in detail with the implementation of the German Corporate Governance Code at syskoplan AG. In this meeting, both the Management Board and the Supervisory Board adopted an updated declaration of conformity in accordance with § 161 AktG. This was posted on the website to be permanently accessible to shareholders.

In compliance with the German Corporate Governance Codex the Supervisory Board has assessed its efficiency in several meetings. Subject of the examination were in particular the development of a reporting to the Supervisory Board as well as its composition and organization.

With regard to the composition of the Supervisory Board it is being refrained from stipulating precise targets. The Supervisory Board is of the opinion that in regard to the composition of the Supervisory Board within the company's interest mainly the experience, qualifications and the knowledge of the individuals are of prior relevance. In contrast, the Supervisory Board values general targets respectively diversity criteria, as lower-ranking. In this context, the Supervisory Board states that the current composition of the Supervisory Board is in compliance with the regulations of the German Stock Corporation Act as well as the German Corporate Governance Codex. Further information can be found in the corporate governance report drawn up jointly by the Management Board and Supervisory Board.

Audit of the Annual and Consolidated Financial Statements

The annual financial statements and the management report of syskoplan AG for 2010 were audited by the appointed auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Dortmund, Germany. The auditor found that the annual financial statements were in accordance with proper bookkeeping and with statutory requirements and established that the risks of future development are described accurately in the management report. This was certified in an unqualified audit opinion. The aforesaid also applies to the consolidated financial statements drawn up in accordance with IFRS and to the Group management report.

Additionally, the auditor also examined the early risk recognition system used by syskoplan AG as required by § 317 Paragraph 4 of the German Commercial Code (HGB). The auditor concluded that the system is in compliance with the regulations governing management's responsibility for control and transparency in the company's operational and strategic areas.

All documents pertaining to the financial statements, the audit opinions and their annexes, and the Management Board's proposal for the appropriation of profit were submitted to the Supervisory Board in a timely manner. The Board examined and discussed them in detail at the meeting held on March 11, 2011. The auditors took part in the discussion of the annual financial statements and the consolidated financial statements. They reported on the main findings of the audit and were on hand to answer the Supervisory Board's questions and support them with supplemental information.

After his own audit of the annual financial statements, the consolidated financial statements, the management report, and the Group management report, the Supervisory Board was in agreement with the auditor and noted that there were no objections. In addition to the consolidated financial statements for 2010, the Supervisory Board also approved the annual financial statements for 2010 and the management report of syskoplan AG. The annual financial statements are therefore final.

New Appointments

In the reporting period the following change in the Management Board occurred: Mr. Dott. Daniele Angelucci was revoked upon his own request and Ms. Dott. Flavia Rebuffat was appointed as member of the Management Board.

The Supervisory Board wishes to thank the Management Board and all employees of syskoplan Group companies for their extraordinary personal commitment during the past financial year.

Gütersloh, March 11, 2011
The Supervisory Board

Signed Dott. Mario Rizzante
Chairman

2.4 Report on Corporate Governance

syskoplan has long been committed to recognized standards of good and responsible corporate management. The principles of corporate governance are for implementing responsible leadership and control of business undertakings with a view towards long-term value enhancement. Respect for shareholders' interests, efficient cooperation between Executive Board and Supervisory Board, and open and transparent corporate communications are especially important to syskoplan AG.

In adhering to these principles, syskoplan would like reaffirm the confidence shown in the company by customers, employees, and shareholders. These principles undergo continuous further development.

1. Declaration of Conformity

The Executive Board and the Supervisory Board issued the following declaration of conformity in accordance with § 161 of the German Stock Corporation Act (AktG) on December 1, 2010:

"The Executive Board and the Supervisory Board of syskoplan hereby declare that the recommendations made by the "Government Commission on German Corporate Governance Codex" published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette are complied with, with the following restrictions which are justified as follows:

+ Per Section 3.8 of the Codex in the version dated June 18, 2009, a reasonable deductible is to be agreed if the company has taken out a D&O insurance policy for its supervisory board. The D&O insurance policies taken out by syskoplan for its supervisory board members do not envisage a deductible. The executive board and supervisory board do not believe that the inclusion of a deductible results in increased due care in the advisory and monitoring activity of the supervisory board.
+ syskoplan's stock option plan resolved in 2000 does not contain comparison parameters (Section 4.2.3 of the Codex), but rather a threshold for the exercise of the plan in relation to the stock value of the syskoplan shares. In 2004 the last batch from this plan was committed. The executive and the supervisory boards believe it makes sense to allow this plan ending in 2011 to run to the end without alterations.
+ Section 4.2.3 of the Codex in the version dated June 6, 2008 contained the recommendation that the supervisory board should determine a cap on the variable portion of compensation for executive board members for extraordinary and unforeseen business developments. syskoplan's stock option plan resolved in 2000 does not contain any caps as to value for extraordinary developments. syskoplan's executives up to 2003 received the same number of options as the other members of management. Since 2004 the executive board members have waived taking stock options. In addition, the absolute number of options to be issued was narrowly restricted. For this reason, the executive and the supervisory board do not believe it is necessary to additionally limit these as to their value. Since the Law on Executive Compensation went into effect on August 5, 2009, there is a legal obligation for the supervisory board to determine such a cap for extraordinary developments. For this reason the current version of the Codex leaves out this recommendation.
+ Pursuant to Section 4.2.3 of the Codex the remuneration structure of the executive board has to reflect a sustained development of the company. The monetary parts of the remuneration shall comprise fixed and variable components. The supervisory board has to ensure that variable parts of the remuneration have a multiannual basis. One part of the total remuneration, in particular the long-term

variable component, will be paid by the major shareholder, Reply S.p.A., to the respective member of the executive board.

+ Since 2006 the supervisory board of syskoplan AG has a female member. On January 1, 2011 a woman will also join the executive board. Diversity and an appropriate degree of female representation are already considered today in the corporate bodies of syskoplan AG. Concrete objectives regarding the composition of the supervisory board, as stipulated by Section 5.1.4 of the Codex have not been specified.

+ Disclosing of candidate recommendations for the position of the supervisory board chairman (Section 5.4.3 of the Codex) prior to a vote is considered by the executive and the supervisory board not to be reasonable. If a candidate has been recommended to the annual general meeting for supervisory board membership, the suitability of the candidate should be judged by those voting with due care and independently of any considerations concerning further positions to be held by the candidate. In addition to this, on the basis of the articles of association resolved by the annual general meeting, the supervisory board itself is authorized to choose its chairman from amidst its own members, regardless of what information in this respect is made available to the annual general meeting.

+ The compensation to members of the supervisory board of syskoplan does not contain any components as consideration for taking part in committees, as such committees have not been formed. In addition the compensation for the syskoplan supervisory board has no variable portion based on the economic situation and success of syskoplan (Section 5.4.6 of the Codex). The executive and the supervisory board do not believe that such components in compensation result in an increase in efficiency in the work of supervisory board.

The Executive Board and the Supervisory Board of syskoplan hereby further declare that the recommendations made by the "Government Commission on German Corporate Governance Codex" published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette in the version dated Mai 26, 2010 published on July 2, 2010 are complied with, with the above restrictions."

2. Composition of the Supervisory Board

As mentioned in the corporate governance declaration, syskoplan AG has not approved any concrete objectives regarding the composition of the supervisory board. For the company the individual experiences, abilities and knowledge are preeminent for the composition of the supervisory board in the best enterprise interest. Against this the supervisory board regards diversity criteria as subordinated.

3. German Corporate Governance Code Suggestions

syskoplan AG also follows the suggestions of the German Corporate Governance Code with three exceptions. These exceptions pertain to the approval of the system of compensation for the members of the Executive board as well as the broadcast of the Annual General Meeting via the Internet, which is not undertaken at present. As well the remuneration regulations of syskoplan AG do not provide for any performance-related remuneration components which are tied to the long-term performance of the company for members of the Supervisory Board.

4. Remuneration Report[1]

In accordance with the Act on the Appropriateness of Executive Board Compensation (VorstAG) which came into force on August 5, 2009 the Supervisory Board is responsible for concluding contracts with the Executive Board members and therefore setting their remuneration. The Supervisory Board's remuneration is based on the articles of incorporation and is set by the Annual General Meeting. Further details are contained in the remuneration report which can be found in the Corporate Governance report on the pages 36 et seq.

4.1 Executive Board Remuneration

The Executive Board's remuneration is geared to responsibilities and performance. It comprises three components:

+ a fixed remuneration,
+ a variable bonus and
+ a pension package.

In addition to a pension entitlement and accident insurance, Executive Board members receive benefits in kind such as the use of company cars.

Remuneration System as from Financial Year 2010

In the 2009 financial year, the Executive Board contracts of Dott. Daniele Angelucci (until August 31, 2012) and Dr. Jochen Meier (until December 31, 2014) were extended and that of Mr. Josef Mago was signed (until December 31, 2012).

We refer to the fact that Mr. Mago has spent 85% of his working time on his role as Chairman of syskoplan AG. The salaries mentioned here relate to the 85% of his working time. He dedicated the other 15% of his working time to other tasks as Executive Partner at the Reply Group, the principal shareholder of syskoplan AG. The stipulations of § 88 AktG are adhered to. The strict adherence of the regulations on possible conflicts of interest in the code of procedure for the Executive Board is monitored accordingly by the Supervisory Board. The other Executive Board members dedicated 100% of their working time to the syskoplan Group.

Mr. Angelucci has left the Executive Board of syskoplan AG on December 31, 2010. Dott. Flavia Rebuffat has been appointed as a successor with effect of January 1, 2011.

The Executive Board remuneration package described in the following forms the basis of these contracts.

+ Fixed Remuneration
  The fixed sum is base remuneration not related to performance. It is paid monthly as salary on a pro-rata basis. This is a standard amount of EUR 350,000 per year for all Executive Board members.

+ Performance-based short-term Bonuses
  The variable remuneration, at a maximum amount of EUR 150,000 per year for Dott. Angelucci and Dr. Meier and EUR 200,000 per year for Mr. Mago as the Chairman (EUR 100,000 in 2010), is paid as an annual bonus.

  In financial year 2010 the amount of the performance-based short-term remuneration was dependent on the fulfillment of five specific goals having been agreed with the Supervisory Board.

  Starting with financial year 2011 the amount of the variable remuneration will depend on the EBT margin achieved, meaning the ratio of earnings before tax – including the Executive Board bonuses to be paid – to the sales of the syskoplan Group in the respective financial year. If this figure is 10% or lower

[1] This remuneration report is part of the management report and was audited by the auditor.

for a financial year, the bonus is zero. If a figure of more than 13% is reached, the bonus payment is capped at the maximum amounts mentioned above. EBT margins between the interval borders lead to pro-rata payments of the maximum performance-dependent bonus.

+ Performance-dependent Remuneration with long-term Stimulus
  With the established new requirements for determining Executive Board remuneration the objective is to align the remuneration of the Executive Board with a sustainable corporate management with a long-term perspective.

  A corresponding adjustment of the contracts pursuant to the legal stipulations was agreed upon with the members of the Executive Board in such a way that the remuneration component with long-term stimulus is paid by Reply S.p.A., the main shareholder of syskoplan AG. The amount of this remuneration is dependent on revenue and EBT-margin that are achieved by Reply in Germany at the end of financial year 2012.

+ Benefits Package
  In addition to accident insurance, the members of the Executive Board also receive benefits in kind such as the use of a company car. As a remuneration component these fringe benefits are subject to taxation for the respective Executive Board member. In principle, all Executive Board members are equally entitled to these benefits. Their amount varies depending on personal situation.

Moreover, the company insures the members of the Executive Board against civil and criminal claims in connection with performing their mandates (up to a maximum amount of EUR 10 million) and bears the costs of any legal defense associated with such claims as well as any taxes attributable to the assumption of these costs. The D&O insurances of all members of the Executive Board contain a deductible of 10% per case of damage, at least 1.5 times the fixed annual remuneration.

Remuneration in Financial Year 2010

For the 2010 financial year, the remuneration of the members of the Executive Board amounted to EUR 1,27 million after EUR 1,64 million in the previous year. For evaluation purposes, it should be noted that Mr. Mago joined syskoplan AG as an Executive Board member on October 1, 2009 and Dr. Manfred Wassel left the Executive Board on December 31, 2009. The amounts attributable to the individual members of the Executive Board are listed in the following table.

Executive Board Remuneration 2010

In Euro thsd., No. of options	Fixed sum	Bonus	Benefits in kind	Total	Options
Josef Mago	350	40	14	404	0
Dott. Daniele Angelucci	350	60	12	422	0
Dr. Jochen Meier	350	60	35	445	0
Total	**1,050**	**160**	**60**	**1,270**	**0**

For the purpose of comparison, the figures for the 2009 financial year were as follows:

In Euro thsd., No. of options	Fixed sum	Bonus	Benefits in kind	Total	Options
Dr. Manfred Wassel	542	37	17	596	0
Dott. Daniele Angelucci	372	27	9	408	0
Josef Mago	88	0	2	90	0
Dr. Jochen Meier	479	33	32	544	0
Total	**1,481**	**97**	**60**	**1,638**	**0**

Pensions are paid to former Executive Board members who have reached the normal age limit. Dr. Meier has non-forfeitable pension entitlements to be adapted every three years. For Messrs Dott. Angelucci and Mago a pension entitlement does not exist.

The half of the proportional change of the fix salary of the respective Executive Board member in the underlying 3 years is scale for the change. For regular pension entitlements the adjustment has to be carried out in accordance with the rate of price increases at least. If the increase in the net wages of the employees employed in the syskoplan is, however, below the rate of price increases in the same time period, an appropriately lower adjustment is also possible. Under the surviving dependents' benefits plan, a widow receives 60% of the pension amount.

For these future pension entitlements the company recognizes pension accruals on the basis of IFRS. Allocations to the pension accruals for active Executive Board members in the year under review are listed in the following table. They comprise the so-called service costs and interest costs.

Executive Board Pension Entitlements 2010

In Euro thsd.	Pension entitlement p.a. (Annual entitlement at the start of pension)	Pension entitlements earned as of 12/31	Addition to pension provisions (IFRS)
Josef Mago	0	0	0
Dott. Daniele Angelucci	0	0	0
Dr. Jochen Meier	50	36	39
Total	**50**	**36**	**39**

For the purpose of comparison, the figures for the 2009 financial year were as follows:

In Euro thsd.	Pension entitlement p.a. (Annual entitlement at the start of pension)	Pension entitlements earned as of 12/31	Addition to pension provisions (IFRS)
Dr. Manfred Wassel	72	64	79
Dott. Daniele Angelucci	0	0	0
Josef Mago	0	0	0
Dr. Jochen Meier	50	35	33
Total	**122**	**99**	**112**

No loans or advances were granted to Executive Board members in the year under review.

The last stock options allotted to Dr. Wassel and Dr. Meier under the syskoplan AG stock options program expired in April 2010. On December 31, 2010 no member of the Executive Board owned stock options.

4.2 Supervisory Board Remuneration

In line with § 9 of the articles of incorporation, in addition to the reimbursement of expenses incurred in connection with attending Supervisory Board meetings, members of the Supervisory Board receive a fixed remuneration of EUR 10,000 per full financial year. The Supervisory Board Chairman receives twice this amount and his deputy receives one and a half times this amount.

In addition, the company insures the Supervisory Board members against civil and criminal claims in connection with the performance of their function as board members (up to a maximum of EUR 10 million) and assumes responsibility for the costs of legal defense in connection with such a claim and any taxes payable on those costs. Supervisory Board members do not receive share options under the existing option plan.

No loans or advances were granted to members of the Supervisory Board in the year under review.

In Euro thsd.	2010	2009
Dott. Mario Rizzante, Chairman	20	20
Dr. Niels Eskelson, Deputy Chairman	15	15
Dr. Stefan Duhnkrack	10	10
Dott. Riccardo Lodigiani	10	10
Dr. Markus Miele	10	10
Dott. Tatiana Rizzante	10	10
Total	**75**	**75**

5. Securities Held and Traded by Representatives of the Company

In financial year 2010 no members of the Executive Board, members of the Supervisory Board, other individuals with management responsibilities or their dependents informed the Company of the sale or purchase of syskoplan AG shares or of any financial instruments based on those shares with a total transaction value exceeding EUR 5,000 in the current financial year.

As of December 31, 2010 members of the Executive Board and Supervisory Board held the following shares and share options. Further details are available in the notes to the consolidated financial statements under number 38.

	Number	
Body	**Shares**	**Options**
Executive Board	1	0
Supervisory Board *)	3,774,115	0

*) Of which 3,774,115 indirect attribution according to § 22 WpHG

6. Remunerations paid to the Members of the Supervisory Board

Unless as a remuneration of the office in the Supervisory Board, syskoplan AG has not paid any remunerations to the Supervisory Board members or granted advantages in connection with services, particularly advisory and procurement services rendered personally. We additionally point out that the Supervisory Board member Dr. Stefan Duhnkrack is a partner of Heuking Kühn Lüer Wojtek (HKLW) who is advising syskoplan AG and its subsidiaries in legal matters. The legal advisory services of HKLW used in the year 2010 did not fall in his office as a Supervisory Board member and have all been approved by the Supervisory Board. Legal advisory services in his office as a Supervisory Board member of syskoplan AG have not been charged by Dr. Duhnkrack.

7. syskoplan AG's Share Incentive Program

In the general meeting held on September 20, 2000, a share option plan for employees was adopted, of which the final tranche was issued in 2004. A renewal of the share option plan is not currently planned. According to the terms of the plan in the year 2000, the final options will be exercisable up to 2011. Further details of the share option plan are available in the notes to the consolidated financial statements under number 36.

2.5 Consolidated Annual Financial Statements

Group Income Statement for Period of January 1, to December 31, 2010

All figures in Euro thsd.	Note	2010	2009
Revenue	(25)	60,174	55,050
Cost of revenue	(26)	44,065	41,810
Gross profit/loss from sales		**16,109**	**13,240**
Selling and marketing expenses	(26)	5,925	5,423
General administrative expenses	(26)	6,214	6,178
Other operating income		583	802
Other operating expenses		924	858
Operating income (EBIT)		**3,629**	**1,583**
Interest income		143	242
Interest expenses	(27)	250	261
Other financial income/expense	(27)	118	13
Financial result before expenses related to the minority partner in limited partnerships		**10**	
Earnings from continued operations before tax and expenses related to the minority partner in limited partnerships		**3,639**	**1,577**
Income tax	(28)	1,391	1,099
Expenses from revaluation of compensation obligations and from allocation of earnings to the minority partner in limited partnerships	(18)	80	413
Result from continued operations		**2,168**	**66**
Result from discontinued operations	(29)	0	125
Net profit for the period		**2,168**	**191**
Of which attributable to: shareholders of syskoplan AG		2,168	153
non-controlling shareholders	(17)	0	37
Total		**2,168**	**190**
Earnings per share (Euro)	(37)		
From continued operations			
- basic		0.46	0.01
- diluted		0.46	0.01
From continued and discontinued operations			
- basic		0.46	0.03
- diluted		0.46	0.03
Weighted average number of shares outstanding			
- basic		4,734,536	4,728,533
- diluted		4,737,864	4,728,533

Group Statement of Overall Result for Period of January 1, to December 31, 2010

All figures in Euro thsd.	Note	2010	2009
Net profit for the period		**2,168**	**190**
Losses from cash flow hedges recognized directly in equity	(15)	– 10	– 9
Deferred taxes on results directly recognized in equity		3	3
Other income		**– 7**	**– 6**
Total result for the period		**2,161**	**184**
Of which attributable to: shareholders of syskoplan AG		2,161	147
non-controlling shareholders		0	37

The members of the Executive Board, from left to right: Josef Mago, Dott. Flavia Rebuffat, Dr. Jochen Meier

Group Balance Sheet on December 31, 2010

Assets (all figures in Euro thsd.)	Note	12/31/2010	12/31/2009
Non-current assets			
Goodwill	(6)	10,171	10,961
Other intangible assets	(6)	85	319
Property, plant, and equipment	(6)	3,851	4,956
Financial assets	(7)	2,694	2,441
Deferred tax assets	(8)	115	312
Total non-current assets		**16,916**	**18,989**
Current assets			
Trade accounts receivable and other assets	(9)	11,932	9,069
Other financial assets	(7)	356	562
Tax assets		981	1,359
Other non-financial assets	(10)	633	649
Cash at bank and cash in hand	(11)	21,950	19,896
Total current assets		**35,852**	**31,535**
Assets from discontinued operations	(29)	0	0
Balance sheet total		**52,768**	**50,524**

Liabilities (all figures in Euro thsd.)	Note	12/31/2010	12/31/2009
Equity			
Subscribed capital	(12)	4,746	4,731
Capital reserve	(13)	19,218	19,106
Retained earnings	(14)	6,505	5,418
Reserve for hedges	(15)	– 38	– 31
Treasury stock	(16)	– 2	– 8
Equity held by shareholders of syskoplan AG		**30,429**	**29,216**
Non-controlling shareholders' interest	(17)	25	118
Total equity		**30,454**	**29,334**
Non-current liabilities			
Obligations to compensate minority partners in limited partnerships	(18)	2,665	2,889
Bank loans	(19)	978	1,093
Pension obligations	(20)	2,487	2,396
Provisions	(21)	988	1,172
Other financial liabilities	(23)	239	642
Total non-current liabilities		**7,357**	**8,192**
Current liabilities			
Provisions	(21)	5,647	3,645
Tax liabilities		295	572
Bank loans	(19)	115	115
Trade accounts payable	(22)	2,490	1,260
Other financial liabilities	(23)	2,005	4,373
Other liabilities	(24)	4,405	3,033
Total current liabilities		**14,957**	**12,998**
Total liabilities		**22,314**	**21,190**
Liabilities from discontinued operations	(29)	0	0
Balance sheet total		**52,768**	**50,524**

Statement of Cash Flows for Period of January 1, to December 31, 2010

All figures in Euro thsd.	01.01.-31.12.2010	01.01.-31.12.2009
Cash flow from operating activities		
Net profit for the period	2,168	190
Income tax	1,391	1,099
Result from discontinued operations	0	– 125
Expenses from revaluation of compensation obligations and from allocation of earnings to the minority partner in limited partnerships	80	413
Financial result before expenses related to the minority partner in limited partnerships	– 10	6
Operating income (EBIT)	3,629	1,583
Depreciation and amortization of non-current assets	**2,456**	**2,363**
Other non-cash items	133	30
Change in provisions	1,468	– 284
Profit/loss from the disposal of non-current assets	178	4
Change in receivables and other assets attributable to operating activities	– 2,640	– 651
Change in liabilities attributable to operating activities	2,752	– 609
Interest payments made	– 81	– 223
Interest payments received	143	242
Received dividend	0	8
Income tax payments made	– 1,090	– 1,180
Net cash flow from operating activities of discontinued operations	0	125
Cash flow from operating activities	**6,948**	**1,408**

All figures in Euro thsd.	01.01.-31.12.2010	01.01.-31.12.2009
Cash flow from investment activities		
Payments for investments in property, plant, and equipment and other intangible assets	– 453	– 912
Payments for investments in other non-current financial assets	– 220	– 295
Payments for deposits with a fixed term of more than 3 months	800	– 800
Payments for the acquisition of subsidiaries	– 1,879	– 393
Proceeds from the sale of property, plant, and equipment	– 210	42
Proceeds from the sale of non-current financial assets	0	12
Net cash flow from investment activities of discontinued operations	0	0
Cash flow from investment activities	**– 1,962**	**– 2,346**
Cash flow from financing activities		
Dividends paid to shareholders and minorities	– 747	– 1,419
Withdrawal of profits by minority partners in limited partnerships	– 647	– 814
Proceeds from the issue of new shares	109	0
Proceeds from the sale of treasury stock	71	62
Receipt of outstanding capital contributions from minority shareholders	0	0
Payments for the purchase of treasury stock	– 78	– 82
Payments for the acquisition of minority shares at dominated subsidiaries	– 156	0
Payments for the redemption of loans	– 115	– 200
Payments for the redemption of finance lease liabilities	– 569	– 538
Cash flow from financing activities	**– 2,132**	**– 2,991**
Change in cash and cash equivalents	**2,854**	**– 3,929**
Cash and cash equivalents at beginning of period	19,096	23,025
Cash and cash equivalents at end of period	**21,950**	**19,096**
plus deposits at banks with a fixed term of more than 3 months	0	800
Cash and cash equivalents in balance sheet	**21,950**	**19,896**

Statement of Changes in Shareholders' Equity for the Financial Year as at December 31, 2010

All figures in Euro thsd.	Subscribed capital	Capital reserve	Retained earnings	Reserve for hedges
Status as at 01/01/2009	**4,729**	**19,098**	**6,684**	**– 25**
Net profit for the period	0	0	153	0
Other income	0	0	0	– 6
Total result for the period	**0**	**0**	**153**	**– 6**
Dividends	0	0	– 1,419	0
Issuing of new shares	2 *	8	0	0
Sale of treasury stock	0	0	0	0
Purchase of treasury stock	0	0	0	0
Payments of uncalled capital by minority shareholders	0	0	0	0
Status as at 01/01/2010	**4,731**	**19,106**	**5,419**	**– 31**
Net profit for the period	0	0	2,168	0
Other income	0	0	0	– 7
Total result for the period	**0**	**0**	**2,168**	**– 7**
Retroactive acquisition cost for equity investments directly posted in equity	0	0	– 335	0
Dividends	0	0	– 714	0
Issuing of new shares	15 *	93	0	0
Reclassification of own shares	0	19	– 32	0
Status as at 12/31/2010	**4,746**	**19,218**	**6,505**	**– 38**

* Due to issuance of new shares following the exercise of stock options the subscribed capital increased by Euro 14,991 (previous year: Euro 1,338).

Treasury stock	Equity held by shareholders of syskoplan AG	Non-controlling shareholders' interest	Total equity
– 3	**30,483**	**81**	**30,564**
0	153	37	190
0	– 6	0	– 6
0	**147**	**37**	**184**
0	– 1,419	0	– 1,419
0	10	0	10
77	77	0	77
– 82	– 82	0	– 82
0	0	0	0
– 8	**29,217**	**118**	**29,335**
0	2,168	0	2,168
0	– 7	0	– 7
0	**2,161**	**0**	**2,161**
0	– 335	– 60	– 395
0	– 714	– 33	– 747
0	108	0	108
6	– 7	0	– 7
– 2	**30,429**	**25**	**30,454**

Statement of non-current Assets Movements in Financial Year 2010

Acquisition or Production Costs

A. Financial year 2010 all figures in Euro thsd.	**01/01/2010**	**Additions due to acquisition of subsidiaries**	**Additions**	**Disposals**	**12/31/2010**
I. Goodwill	13,208	0	0	0	13,208
II. Other intangible assets					
1. Acquired software	3,531	0	8	83	3,456
2. Internally developed software	2,085	0	0	0	2,085
	5,616	**0**	**8**	**83**	**5,541**
III. Property, plant, and equipment					
1. Land and property	4,011	0	0	0	4,011
2. Other operating and office equipment	4,833	0	445	318	4,960
3. Assets from finance leases	1,971	0	52	270	1,753
	10,815	**0**	**497**	**588**	**10,724**
IV. Total non-current assets	**29,639**	**0**	**505**	**671**	**29,473**

B. Financial year 2009 all figures in Euro thsd.	**1/1/2009**	**Additions due to acquisition of subsidiaries**	**Additions**	**Disposals**	**12/31/2009**
I. Goodwill	13,252	0	0	44	13,208
II. Other intangible assets					
1. Acquired software	3,201	0	330	0	3,531
2. Internally developed software	2,085	0	0	0	2,085
	5,286	**0**	**330**	**0**	**5,616**
III. Property, plant, and equipment					
1. Land and property	4,011	0	0	0	4,011
2. Other operating and office equipment	4,684	0	582	433	4,833
3. Assets from finance leases	933	0	1,038	0	1,971
	9,628	**0**	**1,620**	**433**	**10,815**
IV. Total non-current assets	**28,166**	**0**	**1,950**	**477**	**29,639**

Statement of non-current Assets Movements in Financial Year 2010 (2)

Accumulated Depreciation

A. Financial year 2010 all figures in Euro thsd.	**01/01/2010**	**Depreciations and amortization during the financial year**	**Disposals**	**12/31/2010**
I. Goodwill	2,247	790	0	3,037
II. Other intangible assets				
1. Acquired software	3,212	236	76	3,371
2. Internally developed software	2,085	0	0	2,085
	5,297	**236**	**76**	**5,456**
III. Property, plant, and equipment				
1. Land and property	1,260	141	0	1,401
2. Other operating and office equipment	3,729	616	289	4,056
3. Assets from finance leases	870	674	128	1,415
	5,859	**1,431**	**417**	**6,873**
IV. Total non-current assets	**13,403**	**2,456**	**493**	**15,366**

B. Financial year 2009 all figures in Euro thsd.	**1/1/2009**	**Depreciations and amortization during the financial year**	**Disposals**	**12/31/2009**
I. Goodwill	1,509	738	0	2,247
II. Other intangible assets				
1. Acquired software	2,868	344	0	3,212
2. Internally developed software	2,077	8	0	2,085
	4,945	**352**	**0**	**5,297**
III. Property, plant, and equipment				
1. Land and property	1,119	141	0	1,260
2. Other operating and office equipment	3,504	612	387	3,729
3. Assets from finance leases	350	520	0	870
	4,973	**1,273**	**387**	**5,859**
IV. Total non-current assets	**11,427**	**2,363**	**387**	**13,403**

Statement of non-current Assets Movements in Financial Year 2010 (3)

Book Values

A. Financial year 2010 all figures in Euro thsd.	**12/31/2010**	**01/01/2010**
I. Goodwill	10,171	10,961
II. Other intangible assets		
1. Acquired software	85	319
2. Internally developed software	0	0
	85	**319**
III. Property, plant, and equipment		
1. Land and property	2,610	2,751
2. Other operating and office equipment	904	1,104
3. Assets from finance leases	338	1,101
	3,851	**4,956**
IV. Total non-current assets	**14,107**	**16,236**

B. Financial year 2009 all figures in Euro thsd.	**12/31/2009**	**1/1/2009**
I. Goodwill	10,961	11,743
II. Other intangible assets		
1. Acquired software	319	333
2. Internally developed software	0	8
	319	**341**
III. Property, plant, and equipment		
1. Land and property	2,751	2,892
2. Other operating and office equipment	1,104	1,180
3. Assets from finance leases	1,101	583
	4,956	**4,655**
IV. Total non-current assets	**16,236**	**16,739**

2.6 Notes to the 2010 Consolidated Annual Financial Statements

General Information

As the parent company, syskoplan AG produces consolidated financial statements. The consolidated financial statements as of December 31, 2010 were drawn up in line with § 315a of the German Commercial Code (HGB) in connection with EU Regulation 1606/2002 dated July 19, 2002. They therefore comply with the International Financial Reporting Standards (IFRS) valid on the balance sheet date which have been endorsed by the EU. syskoplan AG's headquarters are located in Gütersloh, Germany, at Bartholomäusweg 26. The company is entered in the commercial register in Germany.

syskoplan provides innovative IT solutions that use adaptive and agile IT platforms, tailored to customer requirements. Customers benefit from our high-performance, flexible, and efficient IT systems in multiple ways. These custom-built solutions enable our customers to differentiate themselves on the market while providing them with lasting competitive advantages.

syskoplan AG itself is included in the consolidated statements of the majority shareholder, Reply S.p.A., Turin, Italy. The consolidated statements of Reply S.p.A. are published and filed in the Registro delle Imprese di Torino under the number 97579210010 partita I.V.A. 08013390011. The consolidated statements for the largest group of enterprises are prepared by Alika s.r.l., Turin, Italy. The consolidated statements of Alika s.r.l. are filed in the Registro delle Imprese di Torino under the number 07011510018.

The consolidated financial statements are prepared in Euro. All figures are in thousands of Euro. The financial year of syskoplan AG and all subsidiary firms included in the consolidated group corresponds to the calendar year.

Accounting and Valuation Methods

1. Adoption of new Standards

In principle, the applied accounting and valuation standards correspond with the methods applied in the previous year with the following exceptions:

In the year under review, syskoplan adopted the following new and revised IFRS Standards and Interpretations.

IAS 27 Consolidated and Separate Financial Statements

The revised Standard IAS 27 was published in January 2008 and was first mandatorily applicable in the financial year starting on or after 1 July 2009. The Standard prescribes that a change in shareholding in a subsidiary that does not result in a loss of control, is to be recognized as a transaction with shareholders in their capacity as shareholders. Therefore, this type of transaction can neither result in goodwill nor profit or loss. If, however, control over a subsidiary is lost, the remaining share is to be measured at fair value and recognized in the scope of determining gains from or losses on disposals of fixed assets. Losses of the subsidiary are even to be distributed among the owners of the parent company and non-controlling shares (previously "minority shares") when this results in a negative balance for the non-controlling shares. The transitional provisions provide for prospective application. As such, no changes result for assets and liabilities resulting from this type of transaction before the new Standard was adopted for the first time. The first-time adoption of this updated Standard had effects on syskoplan's assets, finances and earnings in 2010. We refer to item (5).

Amendment to IAS 39 – Qualifying Items

The Amendment to IAS 39 was published in July 2008 and was to be first applied retrospectively in the financial year starting on or after 1 July 2009. Here, it is clearly stated that it is admissible to define only part of the changes to the fair value or the cash flow fluctuation of a financial instrument as qualifying item. In certain cases, this may also include the designation of inflation as a risk or part of a financial instrument. The initial application of this updated Standard had no effect on syskoplan's assets, finances and earnings in 2010.

IFRS 1 First-time Adoption of IFRS

The revised Standard IFRS 1 was published in November 2008 and first applicable in the financial year starting on or after 1 July 2009. The revision of the Standard merely referred to editorial changes and a new structure of the Standard. The provisions set forth in IFRS 1 are aimed at first-time adopters, which is why they had no effect on syskoplan.

Amendment to IFRS 1 – Additional Exceptions for IFRS First-time Adopters

The Amendment to IFRS 1 was published in July 2009 and was first applicable in the financial year starting on or after 1 January 2010. IFRS 1 was changed to facilitate additional exceptions to full retrospective application of IFRS for the valuation of assets in the fields of "oil and gas" and leases. The provisions set forth in IFRS 1 are aimed at first-time adopters, which is why they had no effect on syskoplan.

Amendment to IFRS 2 – Cash-settled Share-based Group-internal Payment Transactions

The changes to IFRS 2 were published in June 2009 and were first applicable in the financial year starting on or after 1 January 2010. The modification of IFRS 2 changed the definition of share-based payment transactions as well as the scope of application of IFRS 2. It also contains additional guidelines for the recognition of group-internal share-based payment transactions. Here, the Standard prescribes that an entity recognizes goods or services received in accordance with the regulations on equity-settled share-based payment transactions, if the entity grants its own equity instruments as remuneration or if the entity is not obliged to settle the share-based payment transaction. In all other cases, the agreement is recognized as cash-settled share-based payment transaction. These principles are applicable irrespective of any Group-internal repayment agreements. In the scope of these changes, the regulations set forth in IFRIC 8 *Scope of IFRS 2* and IFRIC 11 *Group and Treasury Share Transactions* were incorporated into IFRS 2, while said Interpretations were cancelled. The changes to IFRS 2 had no effect on syskoplan's assets, finances and earnings.

IFRS 3 Business Combinations

The revised Standard IFRS 3 was published in January 2008 and was first applicable in the financial year starting on or after 1 July 2009. In the scope of IASB and FASB convergence, this Standard was thoroughly revised. The main changes pertain to the introduction of an option for measuring non-controlling shares (previously “minority shares”). These can be either measured at fair value or as their proportionate interest in the net identifiable assets of the acquiree. Also noteworthy are the revaluation of previously held shares with effect on income/expense upon gaining control (gradual company acquisition), the mandatory recognition of contingent consideration at the time of acquisition and the recognition of transaction costs as expense. The new rules will have an effect on the amount recognized for goodwill, profit/loss in the reporting period in which the business combination occurred and on future profits. The transitional provisions provide for prospective application of the new regulations. As such, no changes result for assets and liabilities resulting from business combinations that were performed before the new Standard was adopted for the first time, meaning this change can only affect syskoplan with respect to future business combinations. The first-time adoption of this updated Standard had no effect on syskoplan’s assets, finances and earnings in 2010.

Amendment to IFRS 5 in the scope of Improvements to IFRS 2008

The changes from the Improvements Project 2008 were published in May 2008 and were – except for IFRS 5 (as from 1 July 2009) – first applicable in the financial year starting on or after 1 January 2009. The changes to IFRS 5 clearly state that all the assets and liabilities of a subsidiary, the planned disposal of which will result in a loss of control, are to be classified as held-for-sale, if the entity keeps a non-controlling interest in its former subsidiary after the sale. The initial application of this updated Standard had no effect on syskoplan’s assets, finances and earnings in 2010.

Improvements to IFRS 2009

The *IFRS 2009 Improvements* is a collection of Standards that was published in April 2009 and consists of changes to several IFRS Standards. The dates of first-time adoption and transitional provisions are prescribed individually for each of the changed Standards. Unless otherwise stated in the following, the individual regulations were first applicable in the financial year starting on or after 1 January 2010. The primary aim of the *Improvements to IFRS 2009* was to eliminate inconsistencies and provide clearer wording. The adoption of the following new regulations led to changes in accounting methods, but did not have any material effect on syskoplan’s assets, finances or earnings:

+ IFRS 8 *Operating Segments*: It was clarified that segment assets and liabilities only need to be reported, if these assets and liabilities are reported to the chief operating decision maker on a regular basis.
+ IAS 1 *Presentation of Financial Statements*: Assets and liabilities that were classified as held-for-sale according to IAS 39 *Financial Instruments: Recognition and Measurement* may not be automatically classified as “current” in the balance sheet.
+ IAS 7 *Cash Flow Statements*: It was established that merely expenses that result in the recognition of an asset may be classified as cash flow from investing activities.

The updated regulations contained in *Improvements to IFRS 2009* listed in the following had no effect on syskoplan's accounting methods and the presentation of the Company's assets, finances and earnings:

+ IFRS 2 Share-based Payment
+ IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
+ IFRS 7 Financial Instruments: Disclosures
+ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
+ IAS 17 Leases
+ IAS 18 Revenue
+ IAS 36 Impairment of Assets
+ IAS 38 Intangible Assets
+ IAS 39 Financial Instruments: Recognition and Measurement
+ IFRIC 9 Reassessment of Embedded Derivatives
+ IFRIC 16 Hedges of a Net Investment in a Foreign Operation
+ IFRIC 12 Service Concession Arrangements

The IFRIC Interpretation 12 was published in November 2006 and was in principle first applicable in the financial year starting on or after 1 January 2008. The application of this Interpretation was adopted by EU law in March 2009, stating that this Interpretation is applicable in the EU upon the start of the first financial year after 30 June 2009 the latest. The Interpretation governs the treatment of obligations assumed and rights received in the scope of service concessions in the financial statements of the franchisee. Since none of syskoplan's associated companies holds concessions, this interpretation had no effect on the Company's consolidated financial statements.

IFRIC 15 Agreements for the Construction of Real Estate

The IFRIC Interpretation 15 was published in July 2008 and was in principle first applicable in the financial year starting on or after 1 January 2009. The Interpretation was adopted by EU law in July 2009, stating that this Interpretation is applicable in the EU upon the start of the first financial year after 31 December 2009 the latest. This Interpretation provides guidelines for the time and extent in which sales from real estate construction projects are to be recognized. IFRIC 15 had no effect on the consolidated financial statements, since syskoplan has no such business activities.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The IFRIC Interpretation 16 was published in July 2008 and was in principle first applicable in the financial year starting on or after 1 October 2008. This Interpretation was adopted by EU law in June 2009, stating that this Interpretation is applicable in the EU upon the start of the first financial year after 30 June 2009 the latest. IFRIC 16 provides guidelines for the identification of currency exchange risks that can be hedged in the scope of net investment hedging and governs which group companies may hold the hedging instruments aimed at hedging the net investment. It further provides guidelines for establishing the currency gain or loss that is to be reclassified from equity into the income statement upon disposal of the hedged foreign operation. This Interpretation is to be applied prospectively. The first-time adoption of this updated regulation had no effect on syskoplan's assets, finances and earnings in 2010.

IFRIC 17 Distribution of Non-cash Assets to Owners

The IFRIC Interpretation 17 was published in November 2008 and was first applicable in the financial year starting on or after 1 July 2009. This Interpretation establishes guidelines for the recognition and measurement of obligations providing for the distribution of non-cash assets to shareholders. In particular, this Interpretation considers the time of recognition of an obligation, the measurement of the obligation and the affected assets and the time of derecognition of these assets and the recognized obligation. This Interpretation is to be applied prospectively. IFRIC 17 did not have any effects on the consolidated financial statements, since syskoplan did not distribute any non-cash assets.

IFRIC 18 Transfers of Assets from Customers

The IFRIC Interpretation 18 was published in January 2009 and was first applicable in the financial year starting on or after 1 July 2009. This Interpretation provides guidelines for accounting in connection with agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The Interpretation mainly considers criteria for recognizing customer contributions and the time and extent of recognizing earnings from such a business transaction. This Interpretation is to be applied prospectively. IFRIC 18 had no effect on the consolidated financial statements, as syskoplan does not perform business transactions of this type.

The IASB published the following Standards and Interpretations that had already been adopted by EU law in the scope of the committee process, but were not yet mandatorily applicable in the 2010 financial year. syskoplan will not adopt these Standards and Interpretations early.

Amendment to IFRS 1 – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters

This revision of IFRS 1 was published in January 2010 and is first applicable in the financial year starting on or after 1 July 2010. The revision allows IFRS first-time adopters to apply transitional regulations with respect to the change of IFRS 7 (Enhancing Disclosures) that was published in March 2009. In the first year of adoption, these regulations release first-time adopters of the obligation to include comparison figures in the notes for the required information. The regulations set forth in IFRS 1 are aimed at first-time IFRS adopters, meaning they have no effects on syskoplan.

IAS 24 – Related Party Disclosures

The revised IAS 24 Standard was published in November 2009 and is first applicable in the financial year starting on or after 1 January 2011. On the one hand, the revision improved the definition of related parties to facilitate the identification of relations with related parties. On the other hand, parties related to a public entity were partially released of the duty to disclose information on business transactions with this public entity and other companies related to said public entity. The Standard is to be applied retrospectively. The application of the revised definition is being revised at the moment. The expansion of the definition will presumably result in additional information and disclosures regarding syskoplan's related parties. However, the change will have no effect on the recognition and measurement of assets and liabilities in the consolidated financial statements and earnings in future financial years.

Amendment to IAS 32 – Classification of Rights Issues

The Amendment to IAS 32 was published in October 2009 is first applicable in the financial year starting on or after 1 February 2010. The definition of financial liabilities was adjusted to facilitate the classification of certain rights issues (and certain options and warrants) as equity whenever such rights are offered to all the entity's existing shareholders in the same class of non-derivative equity instruments to acquire a fixed number of equity instruments of the entity for a fixed amount in any currency. The Standard is to be applied retrospectively. syskoplan assumes that the amendments will have no effect on the Company's assets, finances and earnings, as syskoplan has not issued any rights of this kind.

Amendments to IFRIC 14 – Prepayments of a Minimum Funding Requirement

The Amendment to IFRIC 14 was published in November 2009 and was first applicable in the financial year starting on or after 1 January 2011. The adoption of the IFRIC 14 Interpretation published in July 2007 that was to limit the measurement of a defined benefit asset from a performance-oriented plan to its recoverable amount had some undesired consequences for entities in certain countries. The change is to enable entities to recognize prepayments for minimum funding contributions as an asset. Since syskoplan does not intend to make prepayments for minimum funding requirements, the amendment of this interpretation has no consequences on the Company's assets, finances and earnings.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

The IFRIC Interpretation 19 was published in November 2009 and is first applicable in the financial year starting on or after 1 July 2010. The Interpretation clarifies that equity instruments issued to creditors aimed at extinguishing a financial liability are to be classified as "consideration paid" in accordance with IAS 39.41. The equity instruments issued are measured at fair value. If the fair value cannot be reliably determined, the instruments are measured at the fair value of the liability that was extinguished. Potential gains and losses are recognized in profit or loss. The change provides for retrospective application. From today's point of view, the Company does not intend to issue equity instruments to creditors in order to extinguish a financial liability, meaning this Interpretation has no effect on syskoplan's assets, finances or earnings.

The IASB has published the following Standards and Interpretations that were not yet mandatorily applicable in the 2010 financial year. These Standards and Interpretations have not yet been adopted by the EU and were thus not applied by syskoplan.

Amendment to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

The Amendment to IFRS 1 was published in December 2010 and is first applicable in the financial year starting on or after 1 July 2011. The change removes fixed application dates for the derecognition and with respect to the recognition of a profit or loss at the time of acquisition pursuant to IFRS 1 and replaces these with the date of transition to IFRS. The Amendment further clarifies how accounting according to IFRS is to be resumed after a period that forced the entity to abandon IFRS due to a functional currency that was impacted by severe hyperinflation. The regulations set forth in IFRS 1 address first-time adopters which is why they have no effect on syskoplan.

Amendment to IFRS 7 – Disclosures on Transfers of Financial Assets

The Amendment to IFRS 7 was published in October 2010 and is first applicable in the financial year starting on or after 1 July 2011. The changes define comprehensive new qualitative and quantitative disclosure requirements on transferred financial assets that were not derecognized and on the exposure to transferred financial assets that exist at the reporting date and beyond. These changes will presumably expand the extent of financial instruments disclosures. They will, however, have no effect on the measurement and recognition of assets and liabilities in the consolidated financial statements and earnings in future financial years.

IFRS 9 – Financial Instruments: Classification and Measurement

The first part of Phase I for the preparation of IFRS 9 *Financial Instruments was* published in November 2009 and is first applicable in the financial year starting on or after 1 January 2013. The Standard contains new rules regarding the classification and measurement of financial assets. According to this, debt instruments are to be measured at amortized cost or at fair value through profit or loss depending on their respective features and under consideration of the business model. Equity instruments are to be recognized at fair value. Value fluctuations with respect to equity instruments, however, may be posted in other comprehensive income due to the option granted for certain instruments, which can be exercised upon initial recognition of the financial instrument. In this case, only certain dividend income is recognized in profit or loss. Financial assets that are held for trading are an exception here. These must be recognized at fair value through profit or loss.

In October 2010, the IASB completed the second part of Phase I of the project. Regulations on financial liabilities were thus added to the Standard, which provides for adherence to the existing regulations on classification and measurement with the following exceptions: effects from changes of the own credit risk with regard to financial liabilities that were classified as “at fair value through profit or loss” must be taken directly to equity, while derivative liabilities regarding unlisted equity instruments may no longer be recognized at cost. The time frame for application remains unchanged (1 January 2013).

Entities may adopt the regulations set forth in the 2009 version earlier and separately from the rules on financial liabilities. Early adoption of the regulations on financial liabilities is likewise admissible, but only in connection with the 2009 version. The Standard in principle provides for retrospective application.

This project is expected to be completed in mid-2011. The adoption of the first part of Phase I will have consequences for the classification and measurements of syskoplan's financial assets. The second part of this project phase will have no material effect on the Company's assets, finances and earnings. In order to receive a more comprehensive picture of potential effects, syskoplan intends to quantify the effects in connection with the other phases and as soon as these are published.

Amendment to IAS 12 – Deferred Taxes: Recovery of Underlying Assets

The Amendment to IAS 12 was published in December 2010 and is first applicable in the financial year starting on or after 1 January 2012. According to this, deferred tax assets and liabilities for certain assets are measured on the basis of the assumption that the carrying amount of these assets can be recovered in full through disposal thereof. Within the German legal system, the application of this Amendment is not expected to have any impact on syskoplan's assets, finances and earnings.

Improvements to IFRS 2010

The *IFRS 2010 Improvements* is a collection of Standards that was published in May 2010 and consists of changes to several IFRS Standards. The dates of first-time adoption and transitional provisions are prescribed individually for each of the changed Standards. Unless otherwise stated in the following, the individual regulations were first applicable in the financial year starting on or after 1 January 2011. The adoption of the following new regulations will lead to changes in accounting methods, but are not expected to have any material effect on syskoplan's assets, finances or earnings:

+ IFRS 1 First-time Adoption of International Financial Reporting Standards

- *Accounting policy changes in the year of first-time adoption:* The Amendment establishes that a first-time adopter, who changes its accounting policies or the application of exceptions pursuant to IFRS 1 after publication of an interim report that was prepared in accordance with IAS 34 *Interim Financial Reporting*, must explain these changes and update the reconciliation from previously applied accounting standards to IFRS. This change is to be applied prospectively.

- *Revaluation basis as deemed cost:* These changes allow first-time adopters to use an event-driven fair value as deemed cost, even if the event occurs after the date of transition, but before the publication of the first IFRS financial statements. If such remeasurement occurs after the date of transition to IFRS, but during the period covered by its first IFRS financial statements, any subsequent adjustment is recognized in retained earnings (or another appropriate equity category). Entities that adopted IFRS in previous periods are permitted to apply the Amendment retrospectively in the first financial year after the amendment is effective.

- Use of deemed cost for operations subject to rate regulation: The Amendment expands the scope of "deemed cost" for property, plant and equipment or intangible assets to include items used subject to rate regulated activities. The exemption will be applied on an item-by-item basis. All such assets will also need to be tested for impairment at the date of transition. The Amendment allows entities with rate-regulated activities to use the carrying amount of their property, plant and equipment and intangible balances from their previous accounting principles as its deemed cost upon transition to IFRS. These balances may include amounts that would not be permitted for capitalization under IAS 16 Property, Plant and Equipment, IAS 23 Borrowing Costs and IAS 38 Intangible Assets. The amendment is applied prospectively.

+ IFRS 3 Business Combinations

- *Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS*: this Amendment clarifies that that the Amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). The amendment is first applicable in the financial year beginning on or after 1 July 2010.

- *Measurement of non-controlling interests*: The Amendment limits the scope of the measurement choices that only the components of non-controlling interests that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, shall be measured either at fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS (e.g. IFRS 2). The Amendment is first applicable in the financial year beginning on or after 1 July 2010.

- *Unreplaced and voluntarily replaced share-based payment*: According to this Amendment, entities are required to (in the scope of a business combination) account for the replacement of the share-based payment (whether obligatory or voluntarily), i.e. split between consideration and post combination expenses. However, if the entity replaces the acquiree's share-based payment promises that expire as a consequence of the business combination, these are recognized as post-combination expenses. This Amendment further specifies the accounting for share-based payment transactions that the acquirer does not exchange for its own share-based payment promises: if vested, they are non-controlling interests and are measured at their market-based value. If unvested, they are measured at market-based value as if granted at acquisition date, and allocated between the non-controlling interests and post-combination expense. This Amendment is first applicable in the financial year starting on or after 1 July 2010. The Amendment is applied prospectively as from first-time adoption of IFRS 3 (2008).

+ IFRS 7 *Financial Instruments: Disclosures*: The Amendment emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The changes primarily refer to quantitative disclosures with regard to credit risk. This Amendment is applied retrospectively.
+ IAS 1 *Presentation of Financial Statements*: This Amendment clarifies that an entity is to present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statement. This Amendment is applied retrospectively.
+ IAS 27 Consolidated and Separate Financial Statements: This Amendment clarifies that consequential amendments from IAS 27 made to IAS 21 The Effect of Changes in Foreign Currency Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures apply prospectively for financial years starting on or after 1 July 2009 or earlier when the entity decides to apply IAS 27 early. The Standard is applied retrospectively.

+ IAS 34 *Interim Financial Reporting*: The Amendment provides guidance for the application of disclosure principles in IAS 34 and expands the list of events and occurrences that are subject to disclosure with a focus on the following examples: circumstances likely to affect fair values of financial instruments and their classification; transfers of financial instruments between different levels of the fair value hierarchy; changes in classification of financial assets; changes in contingent liabilities and assets. The Amendment is to be applied retrospectively.
+ IFRIC 13 *Customer Loyalty Programmes*: The Amendment clarifies that when the fair value of award credits is measured based on the fair value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme is to be taken into account. The Amendment is applied retrospectively.

2. Presentation of the Accounting and Valuation Methods

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards valid as of balance sheet date and adopted by the EU.

2.1 Consolidation Principles

The consolidated financial statements include the individual financial statements for syskoplan AG and the fully consolidated subsidiaries.

When acquiring a subsidiary, the identifiable assets, debts, and contingent liabilities of the subsidiary in question are evaluated at their fair value at the time of acquisition. If the acquisition costs exceed the fair value of the identifiable assets less debts and contingent liabilities transferred, the difference is entered as goodwill. Following an additional check, any negative difference between the cost of acquiring the company and the identifiable assets, debts, and contingent liabilities transferred (i.e. a discount on acquisition) is recognized in the acquisition period with an effect on earnings. The stake held in the acquired subsidiary by minority shareholders is evaluated with their share of the net fair value of the identified assets, debts, and contingent liabilities.

The results of subsidiaries which have been acquired or disposed of in the course of the year are included in the consolidated income statement as of the date they were effectively acquired or until such time as they were effectively disposed of.

When additional shares are acquired in subsidiaries which were already fully consolidated in the consolidated financial statements before the increase in the stake held, any positive or negative differences resulting from the consolidation of the investment are offset against equity with no effect on net income.

If necessary, the subsidiaries' annual financial statements are adjusted in line with the accounting and valuation methods used by the Group.

All inter-company receivables, debts, and interim results within the Group are eliminated in the course of consolidation.

Minority shares in the net worth (excluding goodwill) of fully consolidated limited liability companies are reported separately as part of equity. The minority shares consist of the value of such shares on the day of the original merger and the minority share of the changes in equity since the date of the merger. Any losses allocated to the minorities which exceed their share in the subsidiary's equity are offset against the Group's share.

Pursuant to IAS 32, pay-off obligations to limited partners of subsidiaries with the legal structure "GmbH & Co. KG" are to be reported as a liability (puttable instruments). These liabilities are recognized at fair value under pay-off obligations to limited partners of subsidiaries.

2.2 Goodwill
The goodwill which arises when a subsidiary is acquired is reported at acquisition cost when it is recognized. In subsequent periods, it is recorded at acquisition cost minus all accumulated impairment losses.

For the purpose of impairment testing, goodwill is divided between the Group's cash-generating units. An annual impairment test must be carried out for the cash-generating units which are allocated part of the goodwill. If the recoverable value of a cash-generating unit is less than the unit's book value, the impairment is to be recognized in the book value of the unit's goodwill. If the unit's book value is insufficient, the impairment is to be recognized in the unit's other assets on a pro rata basis. Any impairments in value which affect goodwill cannot be reversed at a later date if the reasons for them become obsolete.

2.3 Earnings Recognition
Sales revenues are assessed at the fair value of the counter-performance received or to be received minus reductions, income tax, and other such deductions.

For projects invoiced based on actual work carried out (time and materials), sales revenues are reported once work has been completed in accordance with the underlying contractual agreements and payment is expected from the client.

For fixed-price projects, sales revenues are reported using the percentage of completion method. The percentage of completion is determined by comparing the work done on the relevant project (in hours) prior to the balance sheet cut-off date with the full extent of the work to be completed (in hours). The work completed (in hours) is evaluated using the hourly rate derived from the fixed price to be charged for the expected total work to be completed.

Other income is recorded when it is sufficiently probable that the Company will benefit economically from the transaction and the amount of such income can be reliably determined. Interest income is reported using the effective yield method.

2.4 Leasing Relationships
Leasing relationships are classified as finance leases when the conditions of the lease transfer all the risks and rewards associated with the property to the lessee. All other leasing relationships are classified as operating leases.

Payments made for operating leases are offset against the result for the current period using the straight-line method for the duration of the lease in question.

Assets relating to finance leases are reported at either their fair value at the beginning of the lease or the present value of the minimum lease payments, whichever is lower. A liability of the same value is recognized in respect of the lessor. The capitalized assets are depreciated using the straight-line method for the duration of the lease or the expected useful life, whichever is shorter. Finance lease payments are divided into interest expenses and repayment of the leasing obligation in such a way that interest is constantly paid on the remaining liability. Interest expenses are recorded in the income statement with effect on net income.

2.5 Foreign Currencies

Since completion of the liquidation of the US subsidiaries in 2008, the Euro has been the functional currency for all Group companies.

Transactions which a Group company concludes in a currency other than its functional currency are initially converted to the functional currency using the spot rate on the day of the transaction and reported in the balance sheet. On each subsequent balance sheet cut-off date, monetary assets or debts originally in a currency other than the functional currency are valued at the current exchange rate. The resulting currency rate differences are recorded as affecting net income.

2.6 Costs for Pension Plans

Payments for defined-contribution pension plans are recorded as expenses once employees have provided the service which entitles them to said contributions.

For defined-benefit pension plans, the cost of providing benefits is calculated using the method of ongoing single premiums, which involves an actuarial valuation being conducted on each balance sheet cut-off date. Actuarial gains and losses which exceed 10% of the fair value of the Group’s defined-benefit obligations or 10% of the plan assets’ fair value (whichever is higher) are distributed over the average expected remaining time until retirement of the employees covered by the plan with effect on net income. Any service cost recalculations are immediately recognized with effect on net income if the benefits are already non-forfeitable. Otherwise, they are distributed on a straight-line basis throughout the average time span until the revised benefits become non-forfeitable.

The defined-benefit obligation recorded in the balance sheet for a pension plan represents the present value of the defined-benefit obligation adjusted for unrecognized actuarial profits and losses and service cost recalculations. The fair value of the existing plan assets is subtracted from this figure.

2.7 Income Tax

Income tax expenses are the sum of the current tax expenses and the formation and release of deferred taxes.

Current tax expenses are calculated on the basis of the annual income on which tax is payable. Taxable income differs from the net profit recorded in the income statement because this does not take into consideration expenses and earnings which become taxable in subsequent years, remain exempt, or are tax-deductible.

Deferred taxes are calculated on the basis of the tax rates which apply in the various countries at the time of recognition or the rates which can be anticipated.

Deferred taxes are the expected tax expenses or tax benefits resulting from the difference between the book values of the assets and liabilities in the annual financial statements and the amount stated when calculating the taxable income.

In line with the balance sheet-oriented liability method, deferred taxes are accrued on temporary differences between the amounts reported in the consolidated financial statements and the tax valuations. Furthermore, deferred taxes are capitalized on tax loss carry-forwards if these are likely to be used in a clearly definable period of time.

The book value of deferred taxes is verified on the cut-off date each year and reduced if it is no longer probable that sufficient taxable income will be available to offset the claim at a future date, either in full or in part.

Deferred taxes are recorded with effect on net income with the exception of positions which are recognized directly in equity.

2.8 Property, Plant, and Equipment

Property, plant, and equipment are reported at acquisition cost less scheduled straight-line depreciation and any impairment. Subsequent acquisition costs are capitalized. Maintenance costs are recorded as expenses. Financing costs are not capitalized.

The periods of depreciation reflect the assets' expected useful life – between 3 and 10 years for Company equipment and 25 years for the building in Bartholomäusweg, Gütersloh.

2.9 Self-constructed Intangible Assets

A self-constructed intangible asset is only capitalized if all of the following conditions are fulfilled:

+ The asset created is identifiable (own software).
+ It is probable that the constructed asset will bring economic benefits in the future.
+ The development costs of the asset can be reliably determined.

Self-constructed intangible assets are capitalized at manufacturing cost and subject to scheduled amortization using the straight-line method. Manufacturing costs include directly attributable personnel and material costs. All intangible assets carried on the books have a finite useful life; the period of amortization is always three years.

In financial year 2010 and the previous year no self-constructed intangible assets have been recognized.

2.10 Intangible Assets Acquired against Payment

Intangible assets acquired against payment are reported at the cost of acquisition less scheduled straight-line amortization and reductions in value. The useful life is three years. No impairment losses needed to be recognized in 2010 or in previous years.

2.11 Impairment of Property, Plant, and Equipment and Intangible Assets Other than Goodwill

On each balance sheet cut-off date, the book value of property, plant, and equipment and intangible assets is verified in order to establish whether there is anything to suggest an impairment in the value of these assets. If such indicators are present, the recoverable amount of the asset is estimated in order to ascertain the extent of any write-down expense. There were no indicators of impairment in previous years or in 2010. The accumulated depreciation and amortization reported in the statement of movements in non-current assets therefore exclusively contain scheduled depreciation and amortization.

2.12 *Financial Assets*

syskoplan distinguishes between the following types of financial assets: trade accounts receivable, work in progress from fixed-price projects, securities, equity investments, and other financial assets. In addition to this, as per IAS 19, the financial assets include the fair value of the asset values from life insurance policies concluded to finance pension obligations which do not meet the requirements for a classification as plan assets.

The following disclosures refer to financial instruments within the scope of IAS 39.

Financial assets are reported and eliminated on the trading day. This is the day when a financial investment is bought or sold, i.e. when the terms of the contract stipulate that the financial investment will be made available. The first amount reported is the fair value plus transaction costs. This does not apply to financial assets categorized as at fair value through profit and loss. In such cases, the first amount recognized is the fair value; transaction costs are not taken into account.

Financial assets are allocated to one of the following categories:

+ available-for-sale financial assets
+ loans and receivables.

The financial assets are classified depending on their type and purpose. They are categorized on acquisition.

The Group's because of negligibleness unconsolidated equity investment in DOCS.ON GmbH and securities held (money market funds) are categorized as available-for-sale financial assets. A sale of the securities is not intended for the near future. DOCS.ON GmbH is currently in liquidation. For this reason, the value of this investment has been recognized under the "current" category. Financial assets classified as available for sale are always recognized at fair value. Since there is no active market for the shares in DOCS.ON GmbH and the fair value therefore cannot be reliably determined, this equity investment is valued at the acquisition cost of EUR 7 thousand. Securities are measured at fair value, corresponding to the market value as of balance sheet date (level 1 according to IFRS 7.27A).

Trade accounts receivable and other receivables plus other financial assets (with the exception of derivatives, securities and the equity investment in DOCS.ON GmbH) are categorized as loans and receivables. Loans and receivables are reported at net book value according to the effective yield method less any impairment.

Work in progress from fixed-price projects is included as other receivables under trade accounts receivable and other receivables. This is measured in accordance with the degree of completion as of the balance sheet date. This is calculated by comparing the work completed with the full extent of the work to be completed, unless this would distort the way in which the level of progress is presented. Partial payments received as of the balance sheet cut-off date are netted out with the work in progress. Fixed-price orders with an adverse balance are recorded in the other liabilities.

All in all, the book value of the financial assets can be broken down into categories as follows:

All figures in Euro thsd.	Short-term		Long-term	
	12/31/2010	12/31/2009	12/31/2010	12/31/2009
Equity investments	7	0	0	7
Securities	0	0	913	785
Claims from life insurance policies	0	0	1,604	1,523
Available for sale	**7**	**0**	**2,517**	**2,315**
Trade accounts receivable	9,406	7,754	0	0
Work in progress from fixed-price projects	2,526	1,315	0	0
Other	349	562	177	126
Loans and receivables	**12,281**	**9,631**	**177**	**126**
Total	**12,288**	**9,631**	**2,694**	**2,441**

No assets were re-categorized either in the reporting year or the previous year. Financial assets amounting to EUR 913 thousand (previous year: EUR 785 thousand) are pledged as collateral. There is no collateral for the financial assets. Apart from the trade accounts receivable, none of the financial assets are overdue or impaired. Value adjustments affecting trade accounts receivable are made for existing individual risks. They are recorded in a separate account. Please see Note 9 for more details.

2.13 Financial Liabilities

syskoplan divides financial liabilities into the following categories: pay-off obligations to limited partners of subsidiaries, liabilities from bank loans, trade accounts payable and other financial obligations.

Financial liabilities are categorized as either liabilities at fair value through profit and loss or other financial liabilities.

Financial liabilities are categorized as liabilities at fair value through profit and loss if they are either held for trading or voluntarily designated as being at fair value through profit and loss. The syskoplan Group does not make use of the option of designating liabilities in this way.

Financial liabilities are categorized as being held for trading if they were entered into with the principal aim of buying them back in the near future or if they are derivatives which have not been designated as hedging instruments and are effective as such. In the 2010 financial year, the syskoplan Group did not hold any financial liabilities classified as held for trading (previous year: EUR 12 thousand). In the previous year, these related to a foreign exchange transaction not formally designated as a hedging instrument. The measurement of fair value was carried out using a present value model based on observable market parameters (level 2 according to IFRS 7.27A).

Other financial liabilities at the syskoplan Group include obligations to compensate minority partners in limited partnerships, liabilities from bank loans, trade accounts payable, and other financial liabilities.

Pay-off obligations to limited partners of subsidiaries are categorized as other financial liabilities because the shareholders of an unincorporated firm must legally be afforded a call right. The owners have the right to call for repayment. In line with the requirements of IAS 32, financial instruments which entitle the holder to return them to the issuer in return for liquid funds or other financial means (puttable instruments) are to be recorded as financial liabilities. The initial evaluation of the pay-off obligations to limited partners of subsidiaries is made by means of the present value of the obligation. The future value of the obligations is derived from the fair value as of each balance sheet date. The fair value calculation is carried out by means of a discounted cash flow model (level 3 according to IFRS 7.27A). Changes in the fair value are recognized in the income statement.

Liabilities from bank loans, trade payables, and other financial liabilities – with the exception of an interest rate swap posted under other financial liabilities – are initially recognized at their fair value less transaction costs. They are subsequently recognized at net book value according to the effective yield method; interest rate expenses are recognized in line with the effective yield rate.

All in all the book value of the financial liabilities can be broken down into categories as follows:

All figures in Euro thsd.	**Valuation**	**Short-term**		**Long-term**	
		12/31/2010	**12/31/2009**	**12/31/2010**	**12/31/2009**
Other financial liabilities (foreign exchange contract)	Attributable value (level 2)	0	12	0	0
Held for trading purposes		**0**	**12**	**0**	**0**
Obligations to compensate minority partners in limited partnerships	Attributable value (level 3)	0	0	2,665	2,889
Bank loans	Book value	115	115	978	1,093
Trade accounts payable	Book value	2,490	1,260	0	0
Other financial liabilities (interest rate swaps)	Attributable value (level 2)	0	0	55	45
Other financial liabilities (remaining)	Book value	2,005	4,361	184	597
Other financial liabilities		**4,610**	**5,736**	**3,882**	**4,624**

The Group takes a financial liability out of the books once the Group's obligations have been discharged or annulled or once they have lapsed.

2.14 Derivative Financial Instruments

The syskoplan Group has concluded interest rate swaps in preceding financial years. The interest rate swaps have been designated as hedging instruments for the cash flow from floating-rate bank loans (cash flow hedges). The terms and nominal amounts correspond to those of the bank loans. The interest rate swaps were recognized at fair value at the time of entering into the contract and are assessed at their fair value at each balance sheet date. The fair value is calculated by means of the present value model based on observable market parameters (level 2 according to IFRS 7.27A). Any change in the fair value of the interest rate swaps is recognized without effect on net income and taken directly to equity. The fair value amounts to EUR -55 thousand (previous year: EUR -45 thousand).

2.15 Provisions

Provisions are made for legal and de facto obligations based in the past if it is likely that the Group will be obliged to fulfill this obligation and a reliable estimate of the amount to be paid can be made. Provisions are entered at the probable cost of settlement (best estimate), taking into account all identifiable risks. Non-current provisions are discounted to reflect their present value.

2.16 Share-based Remuneration

Under IFRS 2, share options for all plans granted after 11/7/2002 and not exercisable as of 1/1/2005 are to be recognized as an expense. The option value (fair value) is to be divided pro rata temporis over the blackout period. Deferred taxes are therefore not taken into account, as the differences are permanent. This affects the fifth tranche of syskoplan's share option plan for 2004. In 2010 and 2009, no expenses were recorded for share options since the blackout periods have already expired. In future financial years as well, no further personnel expenses will arise from the share options issued.

3. Estimates

When producing the financial statements, it is sometimes necessary to make estimates and assumptions. This primarily affects verifying the value of goodwill, evaluating deferred tax assets on tax loss carry-forwards, assessing the fair value of the pay-off obligations to the minority shareholder of is4 GmbH & Co. KG, and valuing a number of provisions – especially pension provisions and provisions for performance-related purchase price obligations.

The Consolidated Entity and Company Acquisitions

4. The Consolidated Entity

Compared to the previous year, the consolidated entity changed as follows:

In May 2010, syskoplan Schweiz GmbH, located in Küsnacht, Switzerland, was founded as a wholly owned subsidiary of syskoplan AG. The purpose of this company is providing IT consulting services for the Swiss market. As of the end of 2010, it employed 6 staff members.

The consolidated entity is comprised as follows:

	Share in %	Currency	Equity 12/31/2010	Profit/loss 2010
syskoplan AG, Gütersloh				
syskotool GmbH, Gütersloh	100	in Euro thsd.	289	89
cm4 GmbH & Co. KG, Gütersloh**	100	in Euro thsd.	494	– 37
cm4 Verwaltungs-GmbH, Gütersloh	100	in Euro thsd.	42	3
is4 GmbH & Co. KG, Minden**	51	in Euro thsd.	3,741	475
is4 Verwaltungs-GmbH, Minden	51	in Euro thsd.	67	0
macrosInnovation GmbH, Munich*	100	in Euro thsd.	1,969	1,639***
macrosSolution GmbH, Munich	100	in Euro thsd.	293	110
InteracTiV sysko GmbH & Co. KG, Munich**	100	in Euro thsd.	– 901	– 107
InteracTiV Verwaltungs-GmbH, Munich	100	in Euro thsd.	17	– 1
discovery sysko GmbH, Munich*	100	in Euro thsd.	– 473	– 504***
cluster sysko GmbH, Gütersloh*	100	in Euro thsd.	21	-4***
Xuccess Consulting GmbH, Munich*	100	in Euro thsd.	1,535	1,435***
bds sysko GmbH, Munich	100	in Euro thsd.	– 367	– 18
syskoplan Switzerland GmbH, Küsnacht CH	100	in Euro thsd.	– 20	– 34

* For those companies where a profit and loss transfer agreement has been made the exemption as to disclosure according to § 264 III HGB is used.

** For these commercial partnerships the exemption as to disclosure according to § 264b HGB is used.

*** Before transfer of profit or loss

5. Details of the Shares Acquired in the Year under Review as per IAS 27

Per contract as of December 21, 2009 and effect on January 04, 2010, syskoplan AG acquired the remaining shares in InteracTiV GmbH & Co. KG (7.6%) and InteracTiV Verwaltungs GmbH (26.3%). No purchase price was paid to the seller.

The remaining 25.1% stake in macrosSolution GmbH was acquired per agreement dated June 29, 2010. The parties agreed to a purchase price of EUR 150 thousand due immediately as well as an earn-out component amounting to a maximum of EUR 250 thousand, based on the results for the years 2010 – 2012. An amount of EUR 239 thousand was added to provisions for the earn-out component. The total price at the time of purchase therefore amounted to EUR 389 thousand. The business plan as well as recent past experience indicates that the stipulated targets can be met.

With an agreement dated June 23, 2010, the remaining 20.0% stake in discovery sysko GmbH was purchased at a book value of EUR 6 thousand.

The purchase of these stakes served to simplify the Group's structure.

Notes to the Consolidated Balance Sheet

6. Goodwill, Other Intangible Assets and Property, Plant and Equipment

The development of goodwill, other intangible assets, and property, plant, and equipment can be seen in the statement of movements in non-current assets attached as an annex to the Notes.

For the purpose of impairment testing, goodwill was allocated to the following cash-generating units:

All figures in Euro thsd.	12/31/2010	12/31/2009
Xuccess Consulting GmbH	5,507	5,507
macrosInnovation GmbH	4,652	4,652
discovery sysko GmbH	12	12
InteracTiV sysko GmbH & Co. KG	0	790
	10,171	**10,961**

In the 2010 financial year, the reported goodwill figures were subject to an impairment test based on the value in use. These values in use were based on the following fundamental assumptions:

The impairment tests have been made by means of a discounted cash flow model. For the first phase, cash flow prognoses were used showing a detailed planning period of 4 years. The cash flow prognoses were based on the current business plans of syskoplan Group for 2010. For further financial years for which no detailed plans were available, annual further sales increases were projected based on the individual situation of the company in question (market potential, intensity of competition, the company's competitive position, etc.). Similarly, suppositions were made concerning the development of each company's operating margin (EBIT margin) which take into account its individual situation and business prospects. For the second phase, no further growth was assumed.

An average cost of capital of 10.7% (pre-tax) was discounted from the expected cash flows.

InteracTiV sysko GmbH & Co. KG generated losses in the past years. In 2009, InteracTiV sysko GmbH & Co. KG underwent restructuring, leading to significant decreases in staff numbers as well as material and personnel costs. The measures implemented in an attempt to improve the loss situation over the long term failed to achieve the expected level of success. The company is not expected to generate profitable business in the coming years. As a result, a write-down of the goodwill by EUR 0.8 million had to be executed. The costs have been recognized in other operating expenses.

7. Other Financial Assets

The other financial assets are composed as follows:

	Current		Non-current	
All figures in Euro thsd.	**12/31/2010**	**12/31/2009**	**12/31/2010**	**12/31/2009**
Equity investments	7	0	0	7
Securities	0	0	913	785
Fair value of life insurances	0	0	1,604	1,523
Other	349	562	177	126
	356	**562**	**2,694**	**2,441**

No impairment was recognized on the financial assets. The other financial assets do not include any overdue assets.

The equity investments were categorized as available-for-sale financial assets. As in the previous year, the equity investments included a stake of 25% in DOCS.ON GmbH, Stuttgart. The amount of the equity investment was unchanged compared to the previous year. As of December 31, 2009, DOCS.ON GmbH had equity of EUR 29 thousand and achieved a net result of EUR 4 thousand in the 2009 financial year (German Commercial Code). The investment is valued at acquisition cost as, due to the lack of a market, the fair value could only be reliably determined via concrete selling negotiations. The equity investment is not treated as an associated company as syskoplan because of negligibleness. The investment did not generate any dividend income in 2009 (previous year: EUR 8 thousand). In accordance with the shareholder resolution from November 14, 2009, DOCS.ON GmbH was liquidated on December 31, 2009. Therefore the equity investment was assigned as current financial assets. The company continued in 2010 under liquidation.

Non-current securities are recognized at their fair value and categorized as available-for-sale financial assets. They cover shares in money market funds to hedge pension claims and part-time work in the run-up to retirement. They are pledged as collateral. Their book value corresponds to the fair value.

The other financial assets are categorized as loans and receivables entered at net book value. Their book value corresponds to fair value. The income statement does not include any profits or losses from the securities apart from interest income of EUR 1 thousand (previous year: EUR 1 thousand).

8. Deferred Tax Assets

Listed below are the major deferred tax assets recognized by the Group. Movements during the current and past financial year are also shown:

All figures in Euro thsd.	12/31/2010	12/31/2009
Opening inventory	312	166
arising from events affecting net income	– 200	144
directly recognized in equity	3	2
arising from addition of new companies	0	0
	115	**312**

Deferred tax assets and liabilities are netted out if there is a claim to offset actual tax refund claims against tax liabilities and if the deferred taxes relate to the same taxable income.

The deferred tax assets arose from:

All figures in Euro thsd.	12/31/2010	12/31/2009
Provisions	395	385
Tax loss carry-forwards	15	54
Goodwill	168	159
Interest rate swaps (cash flow hedge)	16	13
Finance leasing	53	25
Total deferred tax assets	**647**	**636**
Provisions	119	0
Work in progress	390	300
Trade accounts receivable	23	24
Total deferred tax liabilities	**532**	**324**
Net amount of deferred tax assets	**115**	**312**

A tax rate of 30.0% (previous year: 30.0%) is used for the German Group companies. In addition to the uniform rate of corporate income tax, this includes the solidarity surcharge and an average rate of trade tax.

As at December 31, 2010, domestic corporation tax loss carry-forwards amounted to EUR 392 thousand (previous year: EUR 369 thousand) and trade tax loss carry-forwards amounted to EUR 1,309 thousand (previous year: EUR 1,070 thousand). Deferred taxes on loss carry-forwards for domestic taxes were not formed as it is not probable that the loss carry-forwards can be used within a clear timeframe of five years. Deferred tax assets amounting to EUR 15 thousand were recognized for the loss carried forward by syskoplan Schweiz GmbH.

9. Trade Accounts Receivable and Receivables

All figures in Euro thsd.	12/31/2010	12/31/2009
Trade accounts receivable	9,464	7,774
Impairment	58	20
	9,406	**7,754**
Fixed-price projects with a credit balance due from customers	2,526	1,315
	11,932	**9,069**

Invoices for services rendered are usually payable within 30 days. Depending on the project situation, the time allowed for payment can vary greatly. Interest is not usually charged on arrears. In each individual case, the need for write-downs is assessed and these are conducted if necessary. Past experience shows a very low default rate.

No valuation adjustments were conducted on the trade accounts receivable totaling EUR 4,413 thousand (previous year: EUR 3,886 thousand) which were overdue as of the balance sheet date as no significant change in these debtors' creditworthiness was identified and repayment is expected for the outstanding amounts. The Group has no collateral for these open items. On average, the receivables in question are 36 days old (previous year: 39 days). The arrears analysis below illustrates the age pattern of the overdue but unimpaired trade accounts receivable:

All figures in Euro thsd.	12/31/2010	12/31/2009
Less than 90 days	3,735	2,710
90 days to 180 days	303	767
180 days to 1 year	199	305
More than 1 year	176	104
Total	**4,413**	**3,886**

Valuation adjustments developed as follows:

All figures in Euro thsd.	12/31/2010	12/31/2009
At the beginning of the year	20	20
Write-ups	0	0
Allocations	38	0
At the end of the year	**58**	**20**

Losses on receivables came to EUR 40 thousand (previous year: EUR 7 thousand).

When determining the value of trade accounts receivable, each change in credit standing between the granting of credit and the balance sheet cut-off date is taken into account. There is a certain credit risk concentration as VW Group companies account for 17% of the receivables (previous year: 19%). The Executive Board is confident that no risk provisioning is necessary over and above the write-downs already recognized. The book values shown above therefore reflect the Group's maximum default risk for trade accounts receivable. The book value of the trade accounts receivable corresponds to fair value.

The age pattern of the impaired receivables is as follows:

All figures in Euro thsd.	12/31/2010	12/31/2009
60 to 90 days	0	0
90 to 120 days	0	0
Over 120 days	58	20
Total	**58**	**20**

Fixed-price projects with a credit balance due from customers include work in progress assessed according to its percentage of completion (POC), offset against the partial payments received.

All figures in Euro thsd.	12/31/2010	12/31/2009
Capitalized production costs from fixed-price projects	4,789	1,718
plus PoC result	1,175	985
less partial payments	– 4,946	– 2,235
Fixed-price projects total	**1,018**	**468**
Of which		
Fixed-price projects with a credit balance due from customers	2,526	1,315
Fixed-price projects with a credit balance due to customers (included in other liabilities)	– 1,508	– 847
	1,018	**468**

The sales include EUR 11,909 thousand (previous year: EUR 7,693 thousand) in earnings from production projects. The book value of the fixed-price projects with a credit balance due from customers corresponds to fair value.

10. Other Non-financial Assets

As in the previous year, the other non-financial assets result from the assignment of payments made in the year under review which relate to expenses for the following financial year.

11. Cash at Banks and Cash in Hand

Cash and cash equivalents are made up as follows:

All figures in Euro thsd.	12/31/2010	12/31/2009
Cash on hand	4	4
Fixed-term deposits and overnight money	9,572	7,585
Balance on current accounts	12,374	12,307
	21,950	**19,896**

All fixed-term deposits have a maturity of less than 3 months.

12. Subscribed Capital

The subscribed capital (equity capital) of syskoplan AG is divided into 4,745,669 individual fully paid-up, no-par-value shares. Arithmetically, each individual bearer share has a 1 euro stake in the share capital. All the shares grant identical rights; no preferred stock is issued.

The number of shares in circulation has developed as follows:

Number of shares	2010	2009
At the beginning of the financial year	4,730,678	4,729,340
Capital increase from approved capital	0	0
Capital increase from contingent capital (stock option plan)	14,991	1,338
At the end of the financial year	**4,745,669**	**4,730,678**

12.1 Announcements as per § 21 of the Securities Trading Law (WpHG) and Control Agreement

In accordance with § 21 of the Securities Trading Law (WpHG), we were obliged to publish the following announcements:

Reply S.p.A., Turin, Italy, informed us on October 9, 2009, that it had exceeded the threshold of 75% of the voting rights in syskoplan AG. Alika s.r.l., Turin, Italy, informed us on October 9, 2009, that it had exceeded the threshold of 75% of the voting rights in syskoplan AG, as the voting rights held by Reply S.p.A. are attributable to Alika s.r.l. Dott. Mario Rizzante, Turin, Italy, also informed us on October 09, 2009, that he had exceeded the threshold of 75% of the voting rights in syskoplan AG, as the voting rights held by Alika s.r.l. are attributable to him.

On April 14, 2010, syskoplan AG and Reply S.p.A. announced the planned conclusion of a control agreement, which was subsequently approved at the Annual General Meeting on May 28, 2010. Minority shareholders in syskoplan AG who did not accept the cash compensation offer remain shareholders and retain the right to receive recurring payments for the term of the contract (compensation payment). In accordance with § 304 of the German Stock Corporation Law (AktG), the appropriate compensation payment amounts to EUR 0.53 per share (gross profit per share) less a payment to be paid by syskoplan AG for corporation tax. The corporation tax rate valid at the time the contract was concluded, including solidarity surcharge, was 15.825%. This results in a deduction of EUR 0.08 for corporation tax on the share of profit subject to corporation tax.

Taking into account an unchanged corporation tax rate of 15% and the solidarity surcharge, the total compensation payment per share currently amounts to EUR 0.45 for every full financial year.

12.2 Approved Capital
The Annual General Meeting on May 28, 2010 authorized the Executive Board to increase the share capital by up to EUR 2,367,029 in the period to May 27, 2015, with the Supervisory Board's approval. This capital increase may be implemented by issuing new shares on one or several occasions in exchange for cash and/or non-cash capital contributions. The Executive Board did not make use of this authorization in the 2010 financial year.

12.3 Conditional Capital
A resolution was passed at the Annual General Meeting on September 20, 2000, to implement a conditional capital increase of up to EUR 300,000 by issuing up to 300,000 new individual bearer shares to employees, executives, and members of the Executive Board. The new individual bearer shares issued as a result of this resolution are entitled to participate in profits from the beginning of the financial year in which they are issued. In total, 290,520 share options were granted. Following this resolution, 41,503 (previous year: 26,512) individual bearer shares were issued and another 225,536 (previous year: 211,745) expired through December 31, 2010, leaving a remaining conditional capital of EUR 23,481 (previous year: EUR 52,263).

Please see Note 36 for further details regarding this share option plan.

13. Additional Paid-in Capital

In comparison to the previous year, capital reserves are composed as follows:

All figures in Euro thsd.	12/31/2010	12/31/2009
Premium from the issue of shares less issuing costs	18,889	18,777
Other shareholder contributions	329	329
	19,218	**19,106**

The increase in additional paid-in capital results from a sum of EUR 93 thousand which was generated above and beyond the nominal value when issuing shares from the conditional and approved capital. Out of a sell of treasury stocks EUR 19 thousand were posted to Additional Paid-in Capital. With a sum of EUR 475 thousand, the capital reserve relates to the statutory reserve according to § 150 II AktG in the amount of 10% of the share capital.

14. Retained Earnings

The statement of changes in equity shows how retained earnings have developed. The payment of dividends is based on the separate financial statements of syskoplan AG produced in accordance with the German Commercial Code (HGB). The Executive Board proposes paying a dividend of EUR 0.45 per share, which is equivalent to a total dividend payment of EUR 2,136 thousand as of December 31, 2010. This total might change prior to the Annual General Meeting in June 2011 as any other options which are exercised could change the equity capital.

15. Reserves for Hedges

The reserves for hedges cover profits and losses from the changes of the fair value of the interest rate swaps concluded to secure the cash flows of floating-rate bank loans. No profits and losses from the equity are recorded with an effect on net income in the income statement for the reporting period and the previous period. In the year under review, a loss of EUR 10 thousand (previous year: loss of EUR 9 thousand) was recorded directly in equity. Deferred taxes of EUR 3 thousand are attributable to this.

Please see Note 19 for further information.

16. Treasury Stock

As of January 1, 2010, the Company held 1,000 shares of treasury stock, which were sold on April 30, 2010 for EUR 8.88. Based on § 71 I No. 2 AktG, the Executive Board decided on November 30, 2010 to purchase own shares to be sold on to employees. syskoplan AG acquired 7,000 shares at a cost of EUR 9.348 per share on December 9, 2010 to give the employees the possibility to purchase share at a cost of EUR 5.973 per share. Of these, 5.480 shares were sold to employees for EUR 5.973 per share; 1,720 shares are capitalized in the annual financial statements as treasury stock at EUR 9.348 per share. The result of the period burdens by EUR 18 thousand. The inflow from the sale of treasury stock amounted to EUR 53 thousand. The treasury stock acquired amounted to 0.15% of the share capital (4,745,669 shares), the treasury stock sold accounted for 0.12%, and the treasury stock held in the company's portfolio as of the balance sheet date amounted to 0.03% of the share capital.

17. Equity of non-controlling Shareholders

Under non-controlling interests, the shares held by minority shareholders in is4 Verwaltungs GmbH are posted. In the reporting period, the consolidated net income attributable to non-controlling interests amounted to EUR 0.3 thousand.

18. Pay-off obligations to group-external limited partners in subsidiaries

This item covers the minority share in is4 GmbH & Co. KG.

The minority share in is4 GmbH & Co. KG is recorded at the fair value in line with the stipulations of the partnership agreement concerning the pay-off claims of a shareholder who wishes to withdraw their investment. The fair value was calculated based on a company valuation using the discounted cash flow method. The cash flow prognoses were based on the current business plans of is4 GmbH & Co. KG. An average cost of capital after taxes of 8.0% was discounted from the expected cash flows. Due to a weaker business development at is4 GmbH & Co. KG, the fair value of the minority interest decreased by EUR 225 thousand.

Overall, the item developed as follows:

All figures in Euro thsd.	12/31/2010	12/31/2009
At the beginning of the year	2,889	3,123
Allocation of earnings of previous year	0	0
Profit share for current year	0	0
Decrease / Increase in fair value of minority interests	– 224	– 234
At the end of the year	**2,665**	**2,889**

The shareholders of is4 GmbH & Co. KG decided to fully distribute the profit share for 2010. The profit share of the limited partners amounting to EUR 309 thousand is therefore recorded under other current financial liabilities (previous year: EUR 647 thousand). The profit entitlement from the previous year was paid in 2010.

Expenses on the income statement consist of the following:

All figures in Euro thsd.	12/31/2010	12/31/2009
Income / expenses from revaluation of compensation obligations	– 225	– 234
Expenses from allocation of earnings	305	647
	80	**413**

19. Bank Overdrafts and Bank Loans

All figures in Euro thsd.	12/31/2010	12/31/2009
Interest accrued	0	0
Current portion of non-current loan obligations	115	115
Non-current loan obligations	978	1,093
	1,093	**1,208**

The loans are due as follows:

All figures in Euro thsd.	< 1 year	1–5 years	More than 5 years	Total	Interest rate	Collateral
Euro credit	115	460	518	1,093	variable	Land charge
	115	**460**	**518**	**1,093**		

Loans are subject to interest equivalent to the six-month EONIA plus a margin of 0.6%. The floating-rate loans are hedged by means of interest rate swaps which transform the variable interest payments into fixed interest payments of 4.18% p.a. The nominal values of the interest rate swaps correspond to the loan obligations and are adjusted correspondingly to reflect loan repayments. The interest rate swaps were entered into with the same financial institution that granted the loans.

Loans are reported at net book value. The fair value of the loans corresponds roughly to the book value. Their purpose is to finance the building in Gütersloh (book value: EUR 2,610 thousand). The land charges mentioned are registered for this property. All terms of the loan contracts were complied with (yearly amortization of EUR 115 thousand, gross net cash flow greater than EUR 200 thousand).

Taking into account the interest rate swaps, the future payments for settlement and interest are as follows:

All figures in Euro thsd.	< 1 year	1–5 years	More than 5 years	Total
Euro credit (repayment + variable interest)	153	568	560	1,281
Interest rate swap	6	18	7	31
	159	**586**	**567**	**1,312**

20. Pension Obligations

The Group has defined-benefit pension plans for syskoplan AG, is4 GmbH & Co. KG, and macrosInnovation GmbH.

The figure shown for the Group's obligations in the balance sheet was determined by netting the asset values from reinsurance cover under life insurance policies with the pension provisions. The resulting liability of the Group is composed as follows:

All figures in Euro thsd.	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Present value of pension obligations	3,783	3,362	2,577	2,834	3,043
Fair value of plan assets (asset value of reinsurance coverage)	924	872	801	727	665
Financing status	**2,859**	**2,490**	**1,776**	**2,107**	**2,378**
Actuarial losses not recognized in the balance sheet	– 372	– 94	549	126	– 253
Liabilities shown on the balance sheet	**2,487**	**2,396**	**2,325**	**2,233**	**2,125**
Experience-based adoption of plan liabilities	– 27	– 61	– 17	– 15	– 65
Experience-based adoption of plan assets	52	71	74	62	58

Shown below are changes in the present value of the pension obligations:

All figures in Euro thsd.	12/31/2010	12/31/2009
At the beginning of the financial year	3,362	2,577
Current service cost	25	49
Interest expense	170	166
Actuarial profits (–) and losses	274	609
Payments made for services	– 48	– 39
Business combinations	0	0
At the end of the financial year	**3,783**	**3,362**

All pension obligations as of December 31, 2010 were calculated using the 2005G guideline tables by Klaus Heubeck. The pension obligations were evaluated as of December 31, 2010. The calculations were based on the following assumptions:

	2010	Previous year
Interest rate	4.90% p.a.	5.25% p.a.
Rate of entitlement increase (if applicable)	1.50% p.a.	1.50% p.a.
Rate of benefit increase	2.00% p.a.	1.50% p.a.

Pension obligations are partly reinsured by means of qualified insurance policies. Their fair value has developed as shown below:

All figures in Euro thsd.	**12/31/2010**	**12/31/2009**
At the beginning of the financial year	872	801
Expected profits from plan assets (life insurance policies)	36	33
Actuarial profits (–) and losses	– 37	0
Employer's contributions	53	38
At the end of the financial year	**924**	**872**

Contributions totaling EUR 55 thousand are expected for 2011. The income statement shows the effects of the pension obligations and the reinsurance policies as follows:

All figures in Euro thsd.	**12/31/2010**	**12/31/2009**
Current service cost and interest expense	– 195	– 215
Payments made for services	48	39
Expected profits from plan assets (life insurance policies)	36	33
	– 111	**– 143**

In addition to this, there are reinsurance policies to finance pension obligations which do not meet the requirements for a qualified insurance policy. They are recognized at fair value (EUR 1,604 thousand; previous year: EUR 1,523 thousand) and recorded under non-current financial assets. Contributions of EUR 11 thousand were made towards these policies.

The pension obligation of syskoplan AG to Dr. Manfred Wassel, former Chairman of the Executive Board, continues to exist after his departure as of December 31, 2009. The resulting additional future expenses are borne by Reply S.p.A. This arrangement as of December 31, 2010 led to a claim of EUR 147 thousand which was posted under non-current assets.

21. Other Provisions

Other provisions are made up as follows:

All figures in Euro thsd.	Short-term		Long-term	
	12/31/2010	12/31/2009	12/31/2010	12/31/2009
Personnel	3,588	2,253	988	1,172
Purchase price adjustments	239	0	0	0
Other	1,820	1,392	0	0
	5,647	**3,645**	**988**	**1,172**

The non-current provisions include provisions for part-time work in the run-up to retirement and anniversary bonuses. The provisions for anniversary bonuses are calculated using actuarial principles based on an interest rate of 5.50%. The current provisions for personnel primarily cover gratuities, bonuses, and profit sharing.

Provisions for purchase price adjustments comprise the earn-out components of the acquisition of macrosSolution GmbH.

The other provisions include mainly provisions for sub contractors and outstanding invoices.

There are no interest effects resulting from the accumulation of interest on other provisions.

Overall, current provisions developed as follows:

All figures in Euro thsd.	01/01/2010	Utilized	Reversal	Addition	Reclassification	12/31/2010
Personnel	3,425	– 2,173	– 60	3,384	0	4,576
Purchase price adjustments	0	0	0	239	0	239
Other	1,392	– 899	– 52	1,379	0	1,820
	4,817	**– 3,072**	**– 112**	**5,002**	**0**	**6,635**

In the previous year short-term provisions developed as follows:

All figures in Euro thsd.	1/1/2009	Utilized	Reversal	Addition	Reclassification	12/31/2009
Personnel	3,763	– 2,658	– 59	2,379	0	3,425
Guarantees	0	0	0	0	0	0
Purchase price adjustments	2,235	– 393	– 44	81 *	– 1,879	0
Other	1,337	– 877	– 166	1,098	0	1,392
	7,335	**– 3,928**	**– 269**	**3,558**	**– 1,879**	**4,817**

22. Trade Accounts Payable

Trade accounts payable are posted at net book value. They are payable within one month. The fair value corresponds roughly to the book value.

23. Other Financial Liabilities

Other financial liabilities are posted at net book value. Their fair value corresponds roughly to the book value. They can be broken down as follows:

All figures in Euro thsd.	12/31/2010	12/31/2009
Amounts due to staff	1,090	953
Amounts due to minority shareholders	573	942
Amounts due from finance leases	514	1,170
Liabilities due from performance-dependent purchase prices	0	1,879
Fair value of interest rate swaps	55	45
Fair value foreign exchange contract	0	12
Other	12	14
	2,244	**5,015**
Of which		
Long-term	239	642
Short-term	2,005	4,373
	2,244	**5,015**

The amounts due to staff are the result of travel expenses and overtime work rendered.

Amounts due to minority shareholders primarily relate to the minority shareholder in is4 GmbH & Co. KG. Of these, EUR 363 thousand pertain to distributable profit shares from previous years that have not yet been distributed and EUR 308 thousand pertain to the profit share for 2010. The profit shares payable from previous years are due as soon as a corresponding shareholders' resolution has been passed. The 2010 profit shares will be probable distributed in March 2011. A resolution was passed in February 2011.

The liabilities due from performance-dependent purchase prices of the previous year of EUR 1,879 thousand were paid out to the former shareholders of macrosInnovation GmbH and Xuccess Consulting GmbH in 2010 after the corresponding annual financial statements had been approved.

The amounts due from finance leases relate to agreements for leasing computing center components. As the lessor retains ownership, they are secured against the objects of the leases. The agreements do not entail any conditional installment payments, any extension or purchase options, or any price adjustment clauses.

All figures in Euro thsd.	Minimum lease payments		Present value of minimum lease payments	
	12/31/2010	12/31/2009	12/31/2010	12/31/2009
Remaining term:				
Within one year	350	639	330	573
1–5 years	189	608	184	597
More than 5 years	0	0	0	0
	539	**1,247**	**514**	**1,170**
Of which shown as				
Long-term			184	597
Short-term			330	573
			514	**1,170**

24. Other liabilities

Other liabilities are composed as follows:

All figures in Euro thsd.	12/31/2010	12/31/2009
Fixed-price projects with a credit balance due to customers	1,508	847
Deferred income	1,497	841
Income tax payables	772	699
Wage and church tax payables	637	645
Social security payables	– 9	1
	4,405	**3,033**

Notes to the Consolidated Profit and Loss Account

25. Revenues

Regarding the breakdown of revenues we refer to the segment reporting in Note 31.

26. Cost of Revenues, Sales Costs and Administrative Expenses

All figures in Euro thsd.				2010
	Cost of revenue	Selling and marketing expenses	Administrative expenses	Total
Personnel expenses				
Wages and salaries	23,394	3,021	2,749	29,164
Social security expenses	3,685	459	428	4,572
Pension expenses	104	16	14	134
Other	70	9	9	88
	27,253	**3,505**	**3,200**	**33,958**
Cost of purchased services	7,328	0	0	7,328
Other costs				
Depreciation and amortization of intangible assets	226	5	5	236
Depreciation and amortization of tangible assets	1,219	35	177	1,431
Advertising costs	0	811	0	811
Travel costs	3,179	451	394	4,024
Vehicle costs	2,797	352	337	3,486
Other	2,063	766	2,101	4,930
	9,484	**2,420**	**3,014**	**14,918**
Total costs	**44,065**	**5,925**	**6,214**	**56,204**

All figures in Euro thsd.	2009			
	Cost of revenue	Selling and marketing expenses	Administrative expenses	Total
Personnel expenses				
Wages and salaries	23,394	2,689	2,839	28,922
Social security expenses	3,669	409	440	4,518
Pension expenses	107	11	11	130
Other	79	10	11	101
	27,250	**3,120**	**3,301**	**33,671**
Cost of purchased services	4,965	0	0	4,965
Other costs				
Depreciation and amortization of intangible assets	339	6	7	352
Depreciation and amortization of tangible assets	1,062	32	178	1,272
Advertising costs	0	813	0	813
Travel costs	2,975	385	390	3,750
Vehicle costs	2,841	323	353	3,517
Other	2,379	745	1,949	5,072
	9,595	**2,304**	**2,876**	**14,775**
Total costs	**41,810**	**5,423**	**6,178**	**53,411**

Social security expenses include statutory social security contributions in the amount of EUR 4,346 thousand (previous year: EUR 4,346 thousand).

27. Financial Earnings

Interest income of EUR 143 thousand (previous year: EUR 242 thousand) relates to the valuation category of loans and receivables, EUR 142 thousand (previous year: EUR 241 thousand) from interest on cash at banks, and EUR 1 thousand (previous year: EUR 1 thousand) from interest charged on loans to employees.

Interest expenses are composed as follows:

All figures in Euro thsd.	2010	2009
Interest accrued on purchase price liabilities (earn-out)	0	81
Interest on loans	47	67
Interest on liabilities from finance leases	52	65
Other interest expenses	151	48
	250	**261**

The other financial income of EUR 118 thousand (previous year: EUR 13 thousand) relates to currency gains and losses from loans and receivables amounting to EUR 118 thousand (previous year: EUR 17 thousand). There were neither expenses from foreign exchange transactions (financial liabilities held for trading; previous year: EUR 12 thousand) nor dividends from DOCS.ON GmbH (previous year: EUR 8 thousand).

There were no earnings or expenses from fees. Concerning the expense with regard to limited partners of subsidiaries, please refer to Note 18.

28. Income Tax

28.1 Break Down of Tax Expenses

Tax expenses can be broken down as follows:

All figures in Euro thsd.	2010	2009
Current taxes	1,221	998
Taxes relating to other periods	– 30	243
Deferred taxes	200	– 143
	1,391	**1,098**

The tax expenses for the financial year can be reconciled with the profit stated in the consolidated income statement as shown below:

28.2 Reconciliation statement for taxes on income

All figures in Euro thsd.	2010		2009	
Earnings from continued operations before taxes and expenses for group-external limited partners	3,639		1,576	
Tax at domestic rate	1,092	30.0%	473	30.0%
Tax effect of non-deductible expenses when determining the taxable profit	61		117	
Non-periodic tax expense	– 30		243	
Corporation tax on minority shares (commercial partnerships)	– 62		– 116	
Disregarded taxes on goodwill amortization	237		221	
Consequences of tax losses and set-off possibilities unused and not posted as deferred tax assets	20		82	
Expenses from non-consideration of deferred tax assets on temporary differences and tax loss carry-forwards originated in financial year	29		78	
Other deviations	44		0	
Tax expense and effective tax rate for the financial year	**1,391**	**38.2%**	**1,098**	**69.7%**

29. Notes to the Discontinued Fields of Activity

At the beginning of 2006, the Executive Board and Supervisory Board decided to discontinue the activities of the two US subsidiaries, syskoplan consulting Inc. and syskoplan Holdings Inc. In the course of 2006, all related measures were undertaken, such as terminating all existing contracts with employees, clients, etc. The liquidation of both US companies was concluded in December 2008 with a final liquidation payment equivalent to EUR 472 thousand. In the 2009 financial year, a tax refund of EUR 125 thousand was received referring to financial years 2008 and 2007. Discontinued operations had no impact on earnings in 2010.

The results of the US subsidiaries included in the consolidated financial statements are as follows:

All figures in Euro thsd.	2010	2009
Revenue	0	0
Cost of revenue	0	0
Gross profit/loss from sales	**0**	**0**
Profits from the sale of equity investments	0	0
Other expenses	0	0
Earnings before tax	**0**	**0**
Refund of income tax	0	125
	0	**125**

There were no assets or liabilities of discontinued operations to be recognized in either 2010 or 2009.

30. Managing Capital and Financial Risks

30.1 Capital Risk Management

The syskoplan Group manages its capital with the aim of maintaining sufficient equity to finance its plans for growth.

The Group is managed on the basis of the key figures sales, EBITDA margin (earnings before interest, taxes, depreciation, and amortization; based on revenue) and EBT margin. By contrast, the performance of individual business units is judged using the key figures sales (achievement of sales targets) and EBIT margin.

syskoplan Group's non-current assets are completely financed via equity, current assets to 38% (previous year: 33%). These capital resources allow syskoplan to finance the implementation of its strategy via its own assets without borrowing. This also applies to acquisitions necessary for the growth of the Group, as already evidenced in the past. In future, the Group will cover a broader segment of the market, thus being able to increase sales and EBIT. This approach needs an appropriate market research and analysis, which is time-consuming. At present, all liquidity, as far as it is not needed for operating business, is invested risk-free at renowned domestic banks as overnight money or as fixed-term deposits.

30.2 Financial Risk Management

The seriousness and extent of financial risks faced by the syskoplan Group are analyzed through internal risk reporting. These risks for the syskoplan Group primarily entail the risk of default, the exchange rate risk, and the interest rate risk.

30.3 Liquidity Risk

Due to the existing cash position and the cash flow strength of the Group, the liquidity risk is classified as minor. Financial liabilities are paid at maturity by using the existing cash funds. As regards maturity of the liabilities, we refer to the Notes to the balance sheet.

In addition to the risk of changes in value, there is also a liquidity risk in connection with the shares of limited partners of subsidiaries. The risk of changes in value consists of an increase in pay-off obligations in the event of a positive business development of the subsidiaries. The liquidity risk consists of the possibility that cash is withdrawn from the Group to satisfy a pay-off claim if a limited partner calls for repayment. However, it is only possible to give such notice with a term of 12 months to December 31 of a given year. Apart from that, the Group possesses sufficient cash and cash equivalents to satisfy this potential obligation.

30.4 Default Risk

Default risk denotes the risk of a loss for the Group if a contracting party is unable to fulfill its contractual obligations. The syskoplan Group enters into business relationships with creditworthy contracting parties in order to minimize the risk of a loss arising from non-performance. Collateral is not normally obtained. When checking creditworthiness, the Group uses available financial information and its own business records to assess its clients. The Group's risk exposure is monitored continuously. The book value of the financial assets reported in the consolidated financial statements minus any impairment represents the Group's maximum default risk.

All figures in Euro thsd.	12/31/2010	12/31/2009
Cash at bank	21,946	19,892
Trade accounts receivable and other assets	11,932	9,069
Other financial assets	3,050	3,003
Financial assets from discontinued operations	0	0
	36,928	**31,964**

The default risk on cash is limited as it is only held at domestic banks which belong to a deposit guarantee fund. In addition to this, cash at banks is distributed between a number of credit institutions. As of December 31, 2010, the maximum amount invested at any one bank was EUR 8,108 thousand.

When determining the default risk on trade accounts receivable and other receivables, each change in credit standing between the granting of the credit and the balance sheet cut-off date is taken into account. There is a certain credit risk concentration as VW Group companies account for 17% of the receivables (previous year: 19%). The Executive Board is confident that no risk provisioning is necessary over and above the impairment already recognized, as all of the debtors are clients with an excellent credit standing.

The default risk on the securities included under other financial assets is also low because they consist of shares in money market funds from issuers with an excellent credit standing.

30.5 Exchange Rate Risk

Some Group transactions are conducted in a foreign currency, resulting in risks from exchange rate fluctuations. These are analyzed every month when the financial statements are prepared. In 2010, a foreign exchange transaction was concluded in order to hedge a foreign currency payment expected in 2010 from a customer project. Apart from that, exchange rate risks are not hedged as they are not considered substantial.

On the balance sheet date, the book value of the Group's financial assets and liabilities denominated in foreign currencies was as follows:

All figures in Euro thsd.	**Assets**		**Liabilities**	
	12/31/2010	**12/31/2009**	**12/31/2010**	**12/31/2009**
Continued operations				
Pound sterling	30	56	0	0
Swiss franc	71	181	0	0
US dollar	0	0	0	0
Norwegian Krone	344	443	0	0
	445	**680**	**0**	**0**

The Group is mainly exposed to exchange rate risks involving the Norwegian Krone, the pound sterling and the Swiss franc. The following table shows the Group's sensitivity to a 10% rise or fall in the exchange rate between the Euro and the foreign currencies in question. In the Executive Board's opinion, the 10% shift is a reasonable potential exchange rate fluctuation. The sensitivity analysis only covers outstanding monetary items denominated in foreign currencies. It adjusts their conversion at the end of the period to reflect a 10% change in the exchange rates. If the exchange rates were to rise (drop) by 10%, profit/loss for the year or equity would decrease (increase) as follows:

All figures in Euro thsd.	**Effect of the US dollar**		**Effect of the pound sterling**		**Effect of the Swiss franc**		**Effect of Norwegian Krone**	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Profit/loss	0	0	2	4	5	12	23	28
Equity	0	0	0	0	0	0	0	0

30.6 Interest Rate Risk

Interest rate differences trigger a cash flow risk as regards floating-rate bank loans. This has been counteracted by concluding two interest rate swaps with matching amounts and maturities. By concluding the interest rate swaps, the variable interest payments have been transformed into fixed interest payments.

With the exception of liabilities from finance leases, the other financial liabilities are non-interest bearing. There is an interest rate-induced risk of changes in the value of the liabilities from finance leases. However, the Group does not consider this to be significant. In addition, the fair value evaluation of the pay-off obligations to limited partners in subsidiaries entails a risk of a change in value that is beyond the control of the Group dependent on interest rate changes.

Interest rate differences also give rise to a risk of changes in value for fixed-term deposit investments and the shares held in money market funds. The risk of changes in value for fixed-term deposit investments is managed by generally choosing a very short investment horizon. Due to the amount invested, the risk of changes in value for fixed-term deposit investments is not considered significant.

The sensitivity analyses shown below were produced using the interest rate risk exposure for derivative and non-derivative instruments as of the balance sheet date. For floating-rate liabilities, the analysis is prepared on the assumption that the outstanding amount payable as of the balance sheet date was outstanding for the whole year. An interest rate increase or decrease of 100 basis points is also assumed. In the Executive Board's opinion, this represents a reasonable potential change in interest rates.

If interest rates had been 100 basis points higher/lower, but all other variables had remained constant, the net income for the year ending December 31, 2010 would drop/ rise by EUR 144 thousand (2009: decrease/increase of EUR 161 thousand). The Group's equity (net profit not taken into account) would drop/rise by EUR 31 thousand (2009: decrease/increase of EUR 19 thousand at 50 basis points, extrapolation to EUR 38 thousand at 100 basis points).

31. Segment Reporting

The syskoplan Group is comprised of a network of companies in order to combine the strength of large companies with the agility and customer proximity of highly specialized units. This network is based on certain fundamental principles:

+ Focused business units managed like companies sustain the operating business. Partners directly reporting to the Executive Board are responsible for the results of the respective business units. For the individual business units, the key figures of sales (achievement of sales targets) and EBIT margin are relevant. EBIT thus represents the segment result according to IFRS 8.
+ Cross-divisional functions such as finance, marketing, HR, IT, or investor relations are centrally operated by departments within the syskoplan holding company.

On the basis of comparable core competencies, margins, and methods of performing services, the various business units are categorized to the segments Consulting, System Integration, and Managed Services:

+ In the segment **Consulting** syskoplan delivers consulting services in the area of regulatory bank reporting and bank management.
+ The business units classified to the segment **System Integration** are based on a project-related business model. By means of standard software, primarily from SAP or Microsoft, the business units develop innovative IT solutions uniquely adapted to the requirement of the clients.
+ In the segment **Managed Services** syskoplan Group offers outsourcing services primarily for medium-sized businesses which run their business processes in an SAP environment. The business is mainly based on a service model founded on long-term contracts. The majority of the segment's revenue is derived from data center operations for syskoplan AG and other local clients. Services in the areas applications management and data center-related consulting are also rendered.

These groups of business units represent the reportable operating segments classified in the sense of IFRS 8.12 to the segments Consulting, System Integration, and Managed Services. Cross-divisional functions such as finance, marketing, HR, IT, or investor relations are centrally operated by departments within the syskoplan holding company.

All figures in Euro thsd.	Segments of continued operations (1)					
	Consulting			System Integration		
	12/31/2010	12/31/2009	Delta	12/31/2010	12/31/2009	Delta
Revenue	8,183	6,585	24%	44,320	38,198	16%
of which internal:	0	0		683	87	>100%
of which external:	8,183	6,585	24%	43,637	38,111	14%
Depreciation and amortization	– 43	– 54	20%	– 59	– 86	32%
Goodwill amortization	0	0		– 790	– 738	– 7%
EBIT	1,311	1,041	26%	5,667	3,412	66%
Interest income	7	10	– 29%	14	46	– 69%
Interest expenses	0	0		– 1	– 85	99%
EBT	1,317	1,051	25%	5,629	3,396	66%
Assets	1,077	683	58%	21,809	18,254	19%
Investments	– 26	– 44	40%	– 73	– 52	– 41%
Employees (FTE)	34	35	– 3%	270	280	– 4%

All figures unconsolidated

All figures in Euro thsd.	Segments of continued operations (2)					
	Managed Services			Headquarter		
	12/31/2010	12/31/2009	Delta	12/31/2010	12/31/2009	Delta
Revenue	10,751	12,262	– 12%	44	39	13%
of which internal:	2,442	1,947	25%	0	0	
of which external:	8,279	10,315	– 20%	74	39	89%
Depreciation and amortization	– 1,150	– 1,093	– 5%	– 415	– 392	– 6%
Goodwill amortization	0	0		0	0	
EBIT	457	1,471	– 69%	– 3,806	– 4,341	12%
Interest income	0	0		121	185	– 35%
Interest expenses	– 137	– 65	<– 100%	– 113	– 111	– 2%
EBT	406	1,407	– 71%	– 3,712	– 4,277	13%
Assets	3,186	3,567	– 11%	26,696	28,020	– 5%
Investments	– 217	– 1,440	85%	– 188	– 414	55%
Employees (FTE)	66	74	– 11%	31	31	2%

All figures unconsolidated

This was mainly due to the expiration of a long-term outsourcing contract with a key customer and could not be completely compensated for in 2010. Restructuring measures were implemented in the ITO unit in 2010, which led to a one-time charge of EUR 500 thousand. This led to an improved cost situation for 2011.

Total sales can be allotted to domestic clients with an amount of EUR 55,269 thousand and to clients abroad with an amount of EUR 4,905 thousand. All non-current assets of the Group are attributable to Germany, in line with its location.

The reconciliation of the total segment result to the earnings before tax from continuing operations and before expenses relating to limited partners of subsidiaries is as follows:

All figures in Euro thsd.	**Reconciliation**		**Group key figures**	
	12/31/2010	**12/31/2009**	**12/31/2010**	**12/31/2009**
Revenue	– 3,125	– 2,034	60,174	55,050
of which internal:	– 3,125	– 2,034	0	0
of which external:	0	0	60,174	55,050
Depreciation and amortization	0	0	– 1,666	– 1,624
Goodwill amortization	0	0	– 790	– 738
EBIT	0	0	3,629	1,583
Interest income	0	0	143	242
Interest expenses	0	0	– 250	– 261
EBT	0	0	3,639	1,576
Assets	0	0	52,768	50,524
Investments	0	0	– 505	– 1,950
Employees (FTE)	0	0	401	420

Figures in the reconciliation column for revenue refer to consolidation figures. The sales relationships between segments involve pooling human resources for customer projects and providing computer center services. Staff services are invoiced at project-specific daily rates. Computer center services are billed on the basis on contracts concluded between the Group companies.

32. Key Accounts

In 2010, more than 10% of total sales were generated with two major customers. One customer accounted for 14% (previous year: 21%) of total sales and the other for 11% (previous year: 2%), both in the System Integration segment.

In addition, we draw attention to the fact that 17% of sales were generated with the VW Group (previous year: 22%).

33. Number of Employees, Executive Board and Supervisory Board Members

33.1 Employees

In 2010, an average of 413 staff members were employed in the Group (previous year: 433), of which 35 (previous year: 35) worked in the Consulting segment, 276 (previous year: 288) worked for System Integration, 67 (previous year: 75) worked in the Managed Services segment, and 35 (previous year: 35) in the Group headquarters.

33.2 Executive Board

The members of the company's Executive Board in 2010 were:

+ Josef Mago	(member since 10/01/2009, chairman since 01/01/2010), group development, capital market, M&A, and HR for partners
+ Dott. Daniele Angelucci	(until 12/31/2010), finance, shared services, governance, compliance, and boards
+ Dr. Jochen Meier	operations, sales, and human resources. Since 01/01/2011 finance, shared services and personnel
+ Dott. Flavia Rebuffat	(since 01/01/2011) operations

Executive Board Remuneration

Remuneration for key managers which must be declared in line with IAS 24 covers the salaries paid to active members of the Executive Board and the Supervisory Board of the syskoplan Group. In the 2010 financial year, the Executive Board received remuneration as follows:

All figures in Euro thsd.	12/31/2010	12/31/2009
Regular salaries	1,270	1,638
Change in pension provisions (interest + service costs)	129	112
Share-based compensation	0	0
	1,399	**1,750**

The service cost and interest cost for pension accruals for active Executive Board members are listed under payments following cessation of employment. As of December 31, 2010, no loans or advances had been granted to Executive Board members. For details on disclosures pursuant to § 314 Section 1 No. 6a sent. 5–9 HGB we refer to the management report.

Options Held by the Executive Board

Dr. Meier was last allotted share options in the 2003 financial year as part of the syskoplan AG share option plan. This tranche expired in 2010. As of December 31, 2010, no members of the Executive Board held any share options.

Other Posts Held by Executive Board Members

In the 2010 financial year, the members of the Executive Board sat on the following supervisory boards and comparable controlling bodies in Germany and abroad:

+ Josef Mago	No other appointments
+ Dott. Daniele Angelucci	No other appointments
+ Dr. Jochen Meier	Advisory Board, is4 GmbH & Co. KG, Minden (Chairman)

33.3 Supervisory Board

Supervisory Board Members

In the year under review, the following were members of the Supervisory Board of syskoplan AG:

+ Dott. Mario Rizzante	president of Reply S.p.A., Turin, Italy (Chairman)
+ Dr. Niels Eskelson	management consultant, Paderborn (Deputy Chairman)
+ Dr. Stefan Duhnkrack	partner at the joint legal practice Heuking Kühn Lüer Wojtek, Hamburg
+ Dott. Riccardo Lodigiani	senior partner at Reply S.p.A., Turin, Italy
+ Dr. Markus Miele	managing director of Miele & Cie. KG, Gütersloh
+ Dott. Tatiana Rizzante	senior partner at Reply S.p.A., Turin, Italy

Other Posts Held by Supervisory Board Members

In the year under review, the members of the Supervisory Board were also members of other supervisory boards and comparable controlling bodies in Germany and abroad. Their posts are listed below:

+ Dott. Mario Rizzante	no other appointments
+ Dr. Niels Eskelson	no other appointments
+ Dr. Stefan Duhnkrack	NetBid Industrie-Auktionen AG, Hamburg, member of the Supervisory Board
+ Dott. Riccardo Lodigiani	no other appointments
+ Dr. Markus Miele,	ERGO Versicherungsgruppe, member of the Supervisory Board SURTECO SE, Buttenwiesen-Pfaffenhofen, member of the Supervisory Board
+ Dott. Tatiana Rizzante	no other appointments

Supervisory Board Remuneration

In line with § 9 of the articles of incorporation, in addition to the reimbursement of expenses incurred in connection with attending Supervisory Board meetings, members of the Supervisory Board receive a fixed remuneration of EUR 10,000 per full financial year. The Supervisory Board Chairman receives twice this amount and his/her deputy receives one and a half times this amount.

No loans or advances were granted to members of the Supervisory Board in the year under review.

The members of the Supervisory Board received remuneration as follows:

All figures in Euro thsd.	2010	2009
Regular salaries	75	75

34. Corporate Governance Code

In December 2010, the Executive Board and the Supervisory Board issued a declaration of conformity in accordance with § 161 of the German Stock Corporation Act (AktG) and made it permanently accessible to shareholders on the Company's website (www.syskoplan.com).

35. Other Financial Obligations

In 2010, payments of EUR 2,109 thousand (previous year: EUR 2,381 thousand) relating to lease agreements (operating leases) were recorded as an expense. These agreements do not entail any conditional installment payments, any extension or purchase options, or any price adjustment. From rental agreements on office space, payments of EUR 928 thousand (previous year: EUR 1,071 thousand) were recognized as expenses in financial year 2010.

These lease and rental agreements give rise to the following minimum lease payment obligations in future:

All figures in Euro thsd.	2010	2009
Within one year	3,226	3,958
Within 1 to 5 years	2,386	3,434
More than 5 years	0	0
	5,612	7,392

The lease obligations primarily cover vehicles and IT hardware leased by is4. The vast majority of the IT hardware is leased on to customers. There are no further material contingent liabilities.

36. Share Option Plan

The Annual General Meeting held on September 20, 2000 agreed on a share option plan for employees, which came to an end with the final tranche from 2004. The plan has the following basic features:

A maximum of 300,000 subscription rights will be issued to employees. The annual tranche may not exceed 30% of the total volume (90,000 subscription rights).

Subscription rights may be exercised after the expiry of a holding period of two years and only within the following five-year period (exercise period). The date of issue is the date of notification.

Five tranches have been issued so far, the first on October 5, 2000, the second on April 12, 2001, the third on April 22, 2002, the fourth on April 24, 2003, and the fifth on April 7, 2004. The first tranche fell due in 2007, the second in 2008, and the third in 2010. No options were exercised from these tranches. For this reason, no further details of these tranches are provided.

The exercise price for the fifth tranche is 110% of the average closing price (Xetra trading) on the five trading days before the rights were issued.

The first four tranches are expired until 2010. As at December 31, 2010 only options of the fifth tranche can be exercised.

A Black-Scholes binomial model was used to ascertain the fair value. The assumptions made for this purpose can be found in the “Stock Option Plan Overview” table.

The number and weighted average exercise price of the issued options developed as follows:

	Number		Weighted average exercise price (Euro)	
	2010	2009	2010	2009
At the beginning of the financial year	52,263	85,158	7.3	12.5
Options granted	0	0		
Options exercised	14,991	1,338	7.3	6.8
Forfeited and expired options	13,791	31,557		
Exercisable options outstanding at the end of the financial year	**23,481**	**52,263**	**7.6**	**7.3**

Stock Option Plan Overview	Fifth tranche
Fair value of subscription right	0
Exercise price	0
Dividend yield	3% p.a.
Term	5 years
Interest rate	0.00%
Volatility during holding period	61.20%
Dilution factor	0%

All figures in Euros

Apportionment of subscription rights issued:

Fifth tranche (2004 financial year)	Number of beneficiaries	Number of options
Executive Board members	2	0
Executives	78	33,985
Employees	249	37,422
Supervisory Board	0	0
Total	**329**	**71,407**

No expenses had to be recognized for share-based remuneration transactions in 2010 and 2009.

37. Earnings per Share

All figures in Euros	2010	2009
Related to the part of the annual surplus being allotted to the shareholders of the syskoplan		
- basic	0.46	0.03
- diluted	0.46	0.03
Related to the part of the annual result from continued activities being allotted to the shareholders of syskoplan		
- basic	0.46	0.01
- diluted	0.46	0.01

The basic earnings per share is calculated by dividing the share in the annual net income to which the shareholders of the parent company are entitled (2010: EUR 2,168 thousand; previous year: EUR 153 thousand) or the share in the profit from continuing operations to which the shareholders of the parent company are entitled (2010: EUR 2,168 thousand; previous year: EUR 28 thousand) by the average number of shares outstanding for the year (2010: 4,734,536 shares; previous year: 4,728,533 shares). The average number of shares outstanding for 2010 differs from the number of outstanding shares as of December 31, 2010 (4,745,669) because 14,991 shares were issued from the conditional capital in the course of 2010 (shares included pro rata temporis).

The diluted earnings per share is calculated by dividing the share in the annual net income to which the shareholders of the parent company are entitled (2010: EUR 2,168 thousand; previous year: EUR 153 thousand) or the share in the profit from continuing operations to which the shareholders of the parent company are entitled (2010: EUR 2,168 thousand; previous year: EUR 28 thousand) by the average number of shares outstanding for the year plus the potentially diluting common stock (2010: 4,737,864 shares; previous year: 4,728,533 shares).

At syskoplan, only shares issued under the share option plan (see Note 32 above) could have a dilutive effect. There is dilutive effect for tranche 5 of the share option plan in 2010 because the syskoplan average share price was EUR 8.89 in financial year 2010 (previous year: EUR 6.60) and was thus higher than the exercise price for tranche 5.

When considering instruments which may have a dilutive effect in the future (conditional capital), please note tranche 5 (see Note 32 above).

38. Relationships with Associated Companies and Individuals

Related companies and individuals are – apart from the subsidiaries of syskoplan AG – Reply S.p.A., the direct majority shareholder of syskoplan AG, the members of the Consiglio di Amministrazione and the Collegio Sindacale of Reply S.p.A., and the members of the Executive Board and Supervisory Board of syskoplan AG. Furthermore, Alika s.r.l and Dott. Mario Rizzante are considered related parties as they are indirect majority shareholders. These companies and individuals held the following shares and options as of December 31, 2010:

		Number	
Person	**Function**	**Shares**	**Options**
Josef Mago	Chairman of the Executive Board	0	0
Dr. Jochen Meier	Member of the Executive Board	1	0
Dott. Daniele Angelucci	Member of the Executive Board	0	0
Dott. Mario Rizzante	Chairman of the Supervisory Board	3,774,115	0
Dr. Niels Eskelson	Deputy Chairman of the Supervisory Board	500	0
Dr. Stefan Duhnkrack	Member of the Supervisory Board	0	0
Dott. Riccardo Lodigiani	Member of the Supervisory Board	0	0
Dr. Markus Miele	Member of the Supervisory Board	0	0
Dott. Tatiana Rizzante	Member of the Supervisory Board	0	0
syskoplan AG	Treasury stock	1,720	0

Please refer to Note 33 and the Group management report for further details on the remuneration paid to the members of the Executive Board and Supervisory Board.

In 2010, the following business dealings or transactions were concluded with companies belonging to the Reply Group and their direct or indirect parent companies:

All figures in Euro thsd.	2010
Revenue	93
Other income	165
Expenses	364
Receivables as at 12/31	408
Liabilities as at 12/31	789

These are consulting services in connection with customer projects that were billed at daily rates customary in this market.

In 2010, a dividend of 0.15 Euros per shares, amounting to EUR 563 thousand, was distributed to Reply S.p.A. as a shareholder of syskoplan AG.

39. Auditing Fees

As per § 315 of the German Commercial Code (HGB) in conjunction with § 314 Section 1 No. 9 of the German Commercial Code (HGB), the auditing fees recorded as an expense in the financial year are to be reported as follows in the IFRS notes to the consolidated financial statements:

All figures in Euro thsd.	12/31/2010
Auditing	171
Other certification services	0
Tax advisory services	0
Other services	0
Total	**171**

40. Special Events after the Balance Sheet Date

No substantive events occurred after December 31, 2010 that affected the asset, financial, and earnings position.

41. Approval of the Financial Statements

The Executive Board approved the financial statements on February 25, 2011. They will be submitted to the Supervisory Board for approval at their meeting on March 11, 2011 and subsequently approved for publication.

Gütersloh, February 25, 2011

syskoplan AG
The Executive Board

2.7 Audit Opinion

We issued the following opinion on the consolidated financial statements and Group Management Report:

“We have audited the consolidated financial statements prepared by syskoplan AG, Gütersloh, comprising the statement of financial position, the income statement and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 January 2010 to 31 December 2010. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [“Handelsgesetzbuch”: German Commercial Code], is the responsibility of Company’s Management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 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 group management report, are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the 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 the group management report. 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 and the additional requirements of German commercial law pursuant to section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks relating to future development.“

Dortmund, February 25, 2011

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Broschk	Sultana
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

2.8 Financial Statements of syskoplan AG according to German Commercial Code – Abstract

Balance Sheet as at December 31, 2010

All figures in Euro thsd. Assets	12/31/2010	Previous year
A. Fixed Assets		
I. Intangible assets	32	65
II. Tangible assets	429	465
III. Financial assets	17,177	16,841
Total non-current assets	**17,638**	**17,371**
B. Current Assets		
I. Inventories	1,283	1,088
II. Accounts receivable and other assets	14,523	12,674
III. Securities	0	8
IV. Cash in hand, cash at bank	11,155	10,648
Total current assets	**26,962**	**24,418**
C. Deferred items	172	199
D. Deferred tax assets	62	0
E. Asset-side difference from asset allocation	22	0
Assets	**44,856**	**41,987**
Liabilities		
A. Equity		
I. Subscribed capital (contingent capital 23, previous year 52)	4,744	4,731
II. Capital reserve	21,780	21,668
III. Surplus reserve	4,813	4,761
IV. Unappropriated profit	3,437	740
Total equity	**34,774**	**31,899**
B. Provisions	2,477	3,307
C. Liabilities	6,198	6,307
D. Deferred items	1,161	474
E. Deferred tax liabilities	246	0
Liabilities	**44,856**	**41,987**

The complete financial statement of syskoplan AG provided with an unqualified opinion of the auditor is published in the federal gazette and deposited at the registry court of the district court Gütersloh. It can be requested in electronic form at syskoplan AG.

Income Statement for Period of January 1, to December 31, 2010

All figures in Euro thsd.	2010	Previous year
1. Revenue	27,812	25,511
2. Increase in work in progress	184	234
Gross operational income	**27,996**	**25,745**
3. Other operating income of which income from currency translation 120 (previous year 14)	4,681	2,318
Gross income	**32,677**	**28,063**
4. Costs of material		
Cost of bought-in services	2,881	1,670
5. Personnel expenses		
a) Wages and salaries	14,167	14,791
b) Social security expenses and provision costs for retirement + welfare of which for retirement 131 (prev. year 72)	2,404	2,363
	16,571	**17,154**
6. Depreciation		
a) on intangible assets and property, plant, and equipment	255	252
b) on tangible assets as far as exceeding usual deprecation in a stock corporation	0	1,065
7. Other operating expenses of which expenses from currency translation 55 (previous year 12)	10,473	10,163
	30,180	**30,304**
Operating income	**2,497**	**– 2,241**
8. Income from profit transfer agreements	3,074	2,148
9. Income from equity investments of which from subsidiary undertakings 233 (previous year 2,133)	223	2,133
10. Loss from profit transfer agreements	508	480
11. Income from financial assets	1	1
12. Other interest and similar profits of which from subsidiary undertakings 159 (previous year 124)	254	280
13. Depreciation on financial assets	893	875
14. Interest and similar expenses of which discounting expenses 43 (previous year 0)	62	96
15. Profit from ordinary activities	**4,586**	**870**
16. Extraordinary expenses of which expenses from appl. art. 66 + 67 sec. 1-5 EGHGB 36 (previous year 0)	36	0
16. Income tax of which deferred tax expenses 240 (previous year 0)	1,113	633
18. Net profit	**3,437**	**237**
19. Withdrawal from retained earnings		
a) from reserve for treasury stock	0	0
b) from other retained earnings	0	508
20. Allocation to retained earnings		
a) to reserve for treasury stock	0	5
b) to other retained earnings	0	0
21. Unappropriated profit	**3,437**	**740**

3 Company Calendar syskoplan AG

Date	Occasion	Place
March 31, 2011	Publication of Annual Report 2010	Gütersloh
May 6, 2011	Report on Q1 2011	Gütersloh
June 29, 2011	Annual general meeting	Gütersloh
June 30, 2011	Payment of dividend	Gütersloh
July 29, 2011	Report on Q2 2011	Gütersloh
October 28, 2011	Report on Q3 2011	Gütersloh

4 Responsibility Statement

We confirm that – to the best of our knowledge – the consolidated financial statements present an accurate picture of the group's asset, financial and earnings position in line with the applicable principles of financial reporting. Furthermore, we confirm that the management report for the group accurately presents the course of business – including the operating result – and the group's situation, and that it describes the opportunities and risks entailed in the group's likely development.

Gütersloh, February 25, 2011

syskoplan AG
The Executive Board

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