



1 Management Report of syskoplan AG for Financial Year 2010

1. Basic Principles

1.1 Disclosure of Takeover Provisions

+ 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).

+ 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).

+ Special rights

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

+ 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.

+ 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.

+ Control of Voting Rights

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

+ 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).

+ 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.

+ 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.

+ Domination Agreement
On April 14th, 2010 syskoplan AG and Reply S.p.A. have announced the intended conclusion of a dom-

ination 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.

+ Compensation Agreements

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

+ 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.

1.2 Business activity

A "Passion for IT" – this is what has been driving syskoplan for over 25 years. syskoplan AG develops 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 syskoplan AG 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.

In fiscal year 2010, the 205 employees generated sales of EUR 27.8 million. syskoplan AG was founded in 1983 and is listed on the Frankfurt Stock Exchange since November 2000.

1.3 Declaration on Corporate Dealings (§ 289 a HGB)

According to § 289a HGB – updated by the Accounting Law Modernization Act (BilMoG) which became effective on May 29, 2009 – the receivers of accounting information have to be informed in detail on corporate governance and corporate management practices via a corporate governance declaration. syskoplan AG makes use of the option to publish this declaration via the internet. Interested parties can take a look at the declaration under www.syskoplan.com, investor relations, corporate governance, declaration on corporate dealings.

1.4 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 character-

ized 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			
	2011		2010	2014
Ranking				
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.

1.5 Corporate Management

The company 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.

For the analysis of syskoplan AG, it should be noted that the company performs holding functions in the German network, for which the Group companies transfer up to 6% of their sales to syskoplan AG. Fluctuations in the business activities of subsidiaries trigger corresponding reactions in syskoplan AG's earnings position.

1.6 Sales Trend

syskoplan AG's sales in the 2010 financial year increased from EUR 25.5 million to EUR 27.8 million, a rise of 9%. 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 AG is active. In addition service providers benefited from a relief to investment bottlenecks from the year 2009.

The total result (sales revenues and changes in inventories) followed this trend; it increased as well by 9% to EUR 28.0 million. Sales productivity upgraded clearly in the 2010 financial year. In syskoplan AG, the sales generated per FTE employee came to EUR 140 thousand, vis-à-vis EUR 119 thousand in the year before. This represents an increase of 18%.

1.7 Personnel Trend

The number of employees (including Executive Board members) in syskoplan AG as at December 31, 2010 decreased to 205 – measured in terms of headcount. 219 employees were employed the year before. Converted into full-time equivalents (including Executive Board members), the number of employees declined by 7% from 214 to 198. Apart from normal fluctuation this development was due to internal restructuring in the course of the strategy 2012 as well as the shift of employees in the new syskoplan Switzerland GmbH.

2. Asset Position, Financial Position, and Earnings Position

2.1 Asset Position

In the 2010 financial year, syskoplan AG's balance sheet total rose by 7% to EUR 44.9 million (previous year EUR 42.0 million). The fixed assets slightly rose by 2% from EUR 17.4 million to EUR 17.6 million in comparison to the previous year. This development was due to several reasons. Reducing effects came from the reclassification of shares in a DWS fund – as asset value for partial retirement – to provisions (EUR 0.2 million), the reclassification of reinsurances – as reinsurance coverage of pension obligations to provisions (EUR 0.9 million) and the full write-down of the equity investment value at InteracTiV sysko GmbH & Co. KG (EUR 0.8 million). The reductions were overcompensated by the appreciation of the equity investment value of cm4 GmbH & Co. KG of EUR 2.2 million.

Goodwill as of December 31, 2010 was subjected to an annual impairment test. In 2009 a restructuring was executed at InteracTiV GmbH & Co. KG which led to a significant decrease of workforce as well as personnel costs and material costs. Nevertheless the restructuring did not generate the expected results, whereby the remaining goodwill of EUR 0.8 million had to be written down in full.

For cm4 GmbH & Co. KG the impairment test led to a significant higher value. For this reason an appreciation of EUR 2.2 million up to the original book value was necessary.

Loan receivables due from InteracTiV sysko GmbH & Co. KG in the amount of EUR 0.1 million as well as other receivables from InteracTiV sysko GmbH & Co. KG and bds GmbH in the amount of EUR 0.1 million have been written down in full. As in the previous year the fixed assets of syskoplan AG are totally financed by equity capital.

Current assets including deferred items increased by 10% in comparison to the previous year to EUR 27.1 million and account for 60% (previous year: 59%) of total assets. Trade accounts receivable rose by 34% to EUR 3.7 million. In comparison to the previous year, the turnover rate of trade accounts receivable declined to 7.6; in 2009, the value was 9.3. Receivables due from subsidiaries increased by EUR 1.5 million to EUR 9.6 million, due to increased trade receivables and the dividend claim against cm4 GmbH & Co. KG from financial year 2009. The liquid assets of syskoplan AG rose to EUR 11.2 million from EUR 10.6 million in the previous year.

The share of equity (before dividend payments) in the total assets rose to 78% in 2010. In absolute terms, it increased by EUR 2.9 million to EUR 34.8 million by the end of 2010. This development is due to the improved business situation, at syskoplan as well at its subsidiaries. Altogether this led to a net profit of EUR 3.4 million.

In comparison to the previous year, provisions decreased – especially due to the reclassification of plan assets of reinsurance coverage – by EUR 0.8 million to EUR 2.5 million. Liabilities declined from EUR 6.3 million in the previous year to EUR 6.2 million during financial year 2010.

2.2 Financial Position

In 2010, the cash flow from operating activities increased by 92% to EUR 1.4 million, essentially due to the positive business development of syskoplan AG. The outflow of funds from investment activities fell in 2010 as a result of lower granting of loans to subsidiaries and lower payments for financial assets by EUR 1.1 million to EUR 0.3 million. The outflow of funds from financing activities fell by EUR 0.8 million to EUR 0.6 million in 2010. This improvement resulted from the dividend reduced by EUR 0.8 million. In total, liquid assets increased by EUR 0.5 million to EUR 11.2 million

in the last financial year, remaining constant at 25% of total assets.

2.3 Earnings Position

In 2010, operating income (earnings before taxes, interest income and income from equity investments) totaled EUR 2.5 million after – EUR 2.2 million in the previous year. Operating income improved because of clearly reduced write-downs on loan receivables due from subsidiaries in the amount of EUR 1.0 million as well as by reduced rental charges. Apart from that, operating income rose by EUR 2.2 million resulting from the appreciation of the book value at cm4 GmbH & Co. KG posted under other income. Moreover the improvement is due to the increase of the gross operational income by EUR 2.3 to EUR 28.0 million, accompanied by the increase of service bought-in of EUR 1.2 million. It should also be considered here that syskoplan AG renders holding services for the companies in the network. These are remunerated based on sales; the sales increases at all Group companies thus resulted in higher management fees paid to syskoplan AG.

In terms of total costs, the cost of materials, which largely results from the use of subsidiaries' employees for the company's own customer projects, rose by EUR 1.2 million. Due to the reduced workforce, personnel expenses decreased by EUR 0.6 million to EUR 16.6 million. Other operating expenses rose to EUR 10.5 million from EUR 10.2 million in 2009.

The EBITDA margin (earnings before interest income, taxes, depreciation, and amortization; based on sales revenues) increased from – 3.6% to 9.9%.

syskoplan AG's financial result in 2010 fell by EUR 1.0 million to EUR 2.1 million. This is primarily attributable to the income from equity investments. Operating income from equity investments, i.e. the income from profit transfer agreements and equity investments less

expenses from the transfer of losses, decreased from EUR 3.8 million to EUR 2.8 million. Contrary to the previous year, no distributions from accumulated profit were executed.

At EUR 4.6 million, earnings before taxes were EUR 3.7 million higher than last year. Net profit for the year for syskoplan AG amounted to EUR 3.4 million; in 2009 a net profit of EUR 0.2 million was achieved.

3. Opportunities and Risk Report

3.1 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 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.

3.2 Presentation of the Risk Position

The recent investigation of the risk situation as at November 2010 revealed several risks currently essential for syskoplan AG. The risks relate to

- + 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 and
- + 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 individ-

ualized 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.

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 AG's financial position. As a result, syskoplan AG 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 AG takes these risks into account by operating a demand-oriented staff deployment system.

With its operating activities, syskoplan AG is exposed to typical business risks. In particular, these include de-

creasing 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. 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.

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.

3.3 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 AG 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.

4. 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.

5. 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.

5.1 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 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.

5.2 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

6. Events After the Balance Sheet Date

No significant events occurred after the balance sheet date.

7. Dependence Report

syskoplan AG entered into a domination agreement with the main shareholder. For this reason the Executive Board of syskoplan AG was not obliged - like in 2009 - to produce a report disclosing relationships with affiliated companies in accordance with § 312 of the German Stock Corporation Law (AktG).

Gütersloh, February 25, 2010

syskoplan AG
The Executive Board

2 Financial Statements of 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 costs of provisions for retirement and welfare of which for retirement 131 (previous 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 depreciation 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

Balance Sheet as at December 31, 2010

All figures in Euro thsd.

Assets		12/31/2010	Previous year
A. Fixed Assets			
I. Intangible assets			
Software		32	65
II. Tangible assets			
Other plant, office furniture and equipment		429	465
III. Financial assets			
1. Shares in affiliated companies	17,147		15,717
2. Securities held as non-current assets	0		240
3. Other lendings	30		12
4. Reinsurance cover under life policies	0		872
		17,177	16,841
		17,638	17,371
B. Current Assets			
I. Inventories			
1. Work in progress	1,227		1,043
2. Prepayments made for subsidiary undertakings	56		45
		1,283	1,088
II. Accounts receivable and other assets			
1. Trade accounts receivables	3,654		2,732
2. Receivables from subsidiary undertakings	9,648		8,152
4. Other assets	1,221		1,790
		14,523	12,674
III. Securities			
Treasury stock		0	8
IV. Cash in hand, cash at bank		11,155	10,648
		26,962	24,418
C. Deferred items		172	199
D. Deferred tax assets		62	0
E. Asset-side difference from asset allocation		22	0
		44,856	41,987

Liabilities		12/31/2010	Previous year
A. Equity			
I. Subscribed capital			
1. Share capital	4,746		4,731
(Contingent capital 23, previous year 52)			
2. Treasury stock	-2		0
		4,744	4,731
II. Capital reserve			
1. Premium from the issue of shares	21,451		21,339
2. Other capital reserves	329		329
		21,780	21,668
III. Surplus reserve			
1. Reserve for treasury stock	2		8
2. Other retained earnings	4,811		4,753
		4,813	4,761
IV. Unappropriated profit		3,437	740
		34,774	31,899
B. Provisions			
1. Provisions for pension obligations	381		1,142
2. Tax provisions	115		322
3. Other provisions	1,981		1,843
		2,477	3,307
C. Liabilities			
1. Prepayments received on ordering	2,788		1,572
2. Trade accounts payable	379		304
3. Payables to subsidiary undertakings	1,388		1,083
4. Other liabilities	1,643		3,348
(of which from taxes 924, previous year 785)		6,198	6,307
D. Deferred items		1,161	474
E. Deferred tax liabilities		246	0
		44,856	41,987

Statement of Fixed Assets Movements 2010

All figures in Euro thsd.	Acquisition or production cost			
	01/01/2010	Additions	Disposals	12/31/2010
I. Intangible assets				
Software	920	1	0	921
II. Tangible assets				
Other plant, office furniture and equipment	1,963	187	114	2,036
III. Financial assets				
1. Shares in affiliated companies	18,793	124	0	18,917
2. Securities held as non-current assets	240	0	240	0
3. Other lendings	12	30	12	30
4. Reinsurance cover under life policies	872	0	872	0
	19,917	154	1,124	18,947
	22,800	342	1,238	21,904

All figures in Euro thsd.	Cumulative value adjustments				
	01/01/2010	Depreciation of current year	Appreciation of current year	Disposals	12/31/2010
I. Intangible assets					
Software	855	34	0	0	889
II. Tangible assets					
Other plant, office furniture and equipment	1,498	221	0	112	1,607
III. Financial assets					
1. Shares in affiliated companies	3,076	893	2,200	0	1,769
2. Securities held as non-current assets	0	0	0	0	0
3. Other lendings	0	0	0	0	0
4. Reinsurance cover under life policies	0	0	0	0	0
	3,076	893	2,200	0	1,769
	5,429	1,148	2,200	112	4,265

All figures in Euro thsd.	Book values	
	12/31/2010	Previous year
I. Intangible assets		
Software	32	65
II. Tangible assets		
Other plant, office furniture and equipment	429	465
III. Financial assets		
1. Shares in affiliated companies	17,148	15,717
2. Securities held as non-current assets	0	240
3. Other lendings	30	12
4. Reinsurance cover under life policies	0	872
	17,178	16,841
	17,639	17,371

3 Notes to the 2010 Financial Statements of syskoplan AG

I. General Notes to the Annual Financial Statements

The annual financial statements of syskoplan AG were drawn up on the basis of the financial reporting standards set forth in the German Commercial Code by taking the German Accounting Law Modernization Law ("BilMoG") into account. In addition to said provisions, the regulations of the German Companies Law (Aktiengesetz) had to be observed.

The Company is a large public limited company in terms of Section 267 paragraph 3 sentence 2 of the German Commercial Code (HGB).

II. Statements to the Accounting and Valuation Methods

The annual financial statements were fundamentally drawn up according to the same accounting and valuation methods as those methods used in the previous year. The first application of the "BilMoG", however, resulted in as few deviations. In line with Section 67 paragraph 8 sentence 2 of the Introductory Law to the Commercial Code (EGHGB), previous year's figures were not adjusted.

Intangible assets of the fixed assets are stated at acquisition costs less straight-line depreciation amounts (by using a presumed period of use of three years).

Tangible assets are carried at acquisition costs less straight-line depreciation amounts (based on a presumed period of use between three and ten years). Low-value capital goods are summarized in a compound item subject to the straight-line depreciation method over a period of use of five years.

Interests in affiliated companies, non-current securities as well as other loans are carried at the lower of cost or market value. In case of performance-related purchase prices, acquisition costs are stated at the cash amount of the expected purchase price payment. Extraordinary write-downs on the lower value are made if such value is permanently lower than the amount of costs. Write-ups are made if the reasons for an extraordinary write-down in previous years ceased to exist.

Claims for reinsurance coverage from life insurance policies for pension obligations represent plan assets subject to offsetting because they are exclusively used for the fulfillment of pension obligations and are protected from an access by all other creditors. In accordance with the amended statutory provisions ("BilMoG"; Section 246 paragraph 2 sentence 2 of the German Commercial Code), they were, with the respective fair value (EUR 924 thousand), set-off against the corresponding settlement amount (EUR 1,305 thousand). The liability surplus is reported as pension provision. Correspondingly, expenditures in the amount of EUR 85 thousand were offset with other income in the amount of EUR 36 thousand and reported as interest expenditures.

DWS funds pledged to employees for securing their claims from partial retirement also represent plan assets subject to offsetting because they are exclusively used to the fulfillment of partial retirement obligation and are protected against an access by all other creditors. Such items, too, were set-off against the corresponding settlement amount on the basis of their fair value. In line with the amended statutory provisions, the assets surplus (EUR 22 thousand) is recorded as "excess of plan assets" over pension liabilities (Section 246 paragraph 2 of the German Commercial Code).

Work in progress is carried at manufacturing costs. Apart from all other individual costs which need to be capitalized, such manufacturing costs include overhead expenses in form of an adequate surcharge on individual costs.

Trade receivables are assessed at their nominal values. With respect to receivables the receipt of which is doubtful valuation allowances were made. The general default and credit risk is sufficiently taken into account by means of a general bad debt provision in the amount of 1.5 % of net claims not adjusted by valuation allowances.

Claims against affiliated companies are always reported at their nominal values. For claims the receipt of which is doubtful valuation allowances were made.

All other asset items are carried at their nominal values.

The calculation of pension provisions (settlement amount) was done according to the projected unit credit method in line with the amended statutory regulations ("BilMoG"; Section 252 paragraph 2 of the German Commercial Code) by means of an actuarial interest rate coming up to their residual term according to the publications made by the German Federal Bank. In connection with the first application of the "BilMoG" as to January 01, 2010, the actuarial interest rate amounted to 5.25 %. As to December 31, 2010, the actuarial interest rate was 5.15 %. In addition, salary and pension trends with 1.5 % or 2.0 % respectively as well as the mortality table RT 2005 of Dr. Klaus Heubeck were taken as a basis when determining the decisive settlement amount. By making use of the election right according to Section 67 paragraph 1 sentence 1 of the Introductory Law to the Commercial Code (EGHGB), the allocation amount resulting from the German Accounting Law Modernization Act due to the change of the accounting for provisions according to Articles 249 paragraph 1 sentence 1, 253 paragraph 1 sentence 2, paragraph 2 of the German Commercial Code is taken into account in the financial year 2010 as to Jan. 1, 2010 and correspondingly stated as "extraordinary expense". The difference amount not taken into account as expenditure in the financial year 2010, as permitted, amounts to EUR 445 thousand.

Depending upon their period of service, the employees of syskoplan AG receive service anniversary awards. The total liability in this respect was determined following actuarial principles by taking an interest rate of 5.25 % (as to Jan. 1, 2010) and 5.15 % (as to Dec. 31, 2010) as a basis. The interest rate of the previous year was 5.50 %.

Other provisions are made by taking all uncertain liabilities concerning the expired financial year and known by the time of balance sheet preparation into account. Such provisions were made in view of expenditures expected to arise according to reasonable and prudent business judgment. Provisions with a residual term of more than one year were discounted.

Liabilities are carried at their settlement value.

In order to determine deferred taxes resulting from temporary or quasi-temporary differences between values reported according to commercial law for asset items, debts and accruals and deferrals and their tax valuations or from tax loss carry forwards the amounts of the resulting tax burdens or tax reliefs are assessed at the company-related tax rates at the time of the reduction of the differences without discounting them. Deferred tax assets and deferred tax liabilities are being offset separately by taxation types.

Receivables and liabilities respectively in foreign currencies with a residual term of one year are assessed at the mean exchange rate for spot or forward exchange transactions.

III. Notes to the Balance Sheet

The development of the **assets** is described in the Appendix to the Notes.

Receivables and other assets include loan receivables owed by affiliated companies in the amount of EUR 1,366 thousand (previous year: EUR 1,490 thousand), other receivables owed by affiliated companies in the amount to EUR 147 thousand (previous year: EUR 114 thousand) as well as other assets of EUR 82 thousand (previous year: EUR 93 thousand) with a residual term of more than one year.

Receivables owed by affiliated companies in the amount of EUR 9,648 thousand (previous year: EUR 8.152 thousand) concern trade receivables in the amount of EUR 1,399 thousand (previous year: EUR 147 thousand) and other receivables in the amount of EUR 8,249 thousand (previous year: EUR 8,005 thousand). The other receivables owed by affiliated companies include loan receivables of EUR 1,760 thousand (previous year: EUR 1,490 thousand). The remaining receivables are mainly receivables from existing profit transfer agreements or participations for the year 2010.

Deferred tax assets (trade tax) are stated at EUR 62 thousand. The tax rate taken as a basis amounts to 14.0%. The deferred tax assets (trade tax) result from differences between commercial law and tax law assessments when reporting pension liabilities (EUR 98 thousand), anniversary provisions (EUR 98 thousand), provisions for partial retirement (EUR 140 thousand) and provisions for threatening losses (EUR 108 thousand) of a total of EUR 444 thousand. In this connection, temporary differences with the group entities were taken into account.

The **share capital** of syskoplan AG as to Dec. 31, 2010 amounts to EUR 4,745,669 (previous year: EUR 4,730,678) and consists of 4,745,669 (previous year: 4,730,678) no-par-value bearer shares with a notional portion in the share capital of EUR 1 each.

According to **Section 21 of the Securities Trading Act (WpHG)**, the receipt of the following notices was to be published:

On January 23, 2006, Reply S.p.A., Turin, Italy, informed us that it exceeded the thresholds of 5, 10, 25 and 50 % of the voting rights in syskoplan AG. Iceberg S.A., Luxembourg, Luxembourg, informed us on January 23, 2006 that it exceeded the thresholds of 5, 10, 25 and 50 % of the voting rights in syskoplan AG because the voting rights held by Reply S.p.A. are to be allocated to it. Aika s.r.l., Turin, Italy, informed us on January 23, 2006 that it exceeded the thresholds 5, 10, 25 and 50 % of the voting rights in syskoplan AG because the voting rights held by Iceberg S.A. are to be allocated to it. Again on January 23, 2006, Mr. Dott. Mario Rizz-

ante, Turin, Italy, informed us that he exceeded the thresholds of 5, 10, 25 and 50 % of the voting rights in syskoplan AG because the voting rights held by Alika s.r.l. are to be allocated to him.

In addition, Reply S.p.A., Turin, Italy, informed us on October 9, 2009 that it exceeded the thresholds of 75 % of the voting rights in syskoplan AG. Alika s.r.l., Turin, Italy, informed us on October 9, 2009 that it exceeded the thresholds of 75 % of the voting rights in syskoplan AG because the voting rights held by Reply S.p.A. are to be allocated to it. Again on October 9, 2009, Mr. Dott. Mario Rizzante, Turin, Italy, informed us that he exceeded the thresholds of 75 % of the voting rights in syskoplan AG because the voting rights held by Alika s.r.l. and Reply S.p.A. are to be allocated to him.

Dr. Manfred Wassel and Dr. Jochen Meier informed us in January of 2006 that they fell below the thresholds of 5 % of the voting rights on January 19, 2006 and they themselves remain to be interested in the Company with two or one voting right respectively only.

On August 3, 2010, syskoplan AG informed us that the **domination agreement** executed on June 25, 2010 according to Section 291 paragraph 1 of the German Companies Act (AktG) between Reply S.p.A. as domination company and syskoplan as controlled company (hereinafter also called "domination agreement") has become effective upon its entry in the trade register of the court of first instance of Gütersloh on August 02, 2010. The general meeting of shareholders of syskoplan had given its approval to the domination agreement on May 28, 2010.

On September 20, 2000, the general meeting of shareholders passed a resolution for a **contingent capital increase** by up to a nominal amount of EUR 300,000 by issuing up to 300,000 new no-par-value bearer shares for the redemption of subscription rights within the framework of a stock option plan. During the financial year of 2010, 14,991 new no-par-value bearer shares with a notional value of EUR 1.00 each were issued out of said contingent capital by way of an exercise of 14,991 subscription rights. 13,791 subscription rights forfeited in 2010. The number of issued but not yet exercised subscription rights as to Dec. 31, 2010 amounts to 23,481. Each subscription right grants the right to acquire a no-par-value bearer share. Thus, the contingent capital as to Dec. 31, 2010 amounts to EUR 23,481 (previous year: EUR 52,263).

During the general meeting of shareholders held on May 28, 2010, the board of directors was authorized to increase the share capital by up to EUR 2,367,029.00 (**authorized capital**) by May 27, 2015 with the consent of the supervisory board. As to Dec. 31, 2010, the authorized capital still amounts to EUR 2,367,029.00.

As to Jan. 01, 2010, the Company was in the ownership of more than 1,000 **own shares** which were sold on April 20, 2010 at a price of EUR 8,883,80 (8.8838 each). On the basis of Section 71 I no. 2 of the German Companies Act (AktG), the board of directors resolved to purchase own shares in order to resell them to employees. On Dec. 09, 2010, syskoplan AG purchased 7,000 units at acquisition costs of EUR 9.348 per share. From this share portfolio, 5,280 units were sold to employees at a price of EUR 5.973 per share; 1,720 units are recorded as own shares in the annual financial statements and deducted from the subscribed capital at their nominal value. The proceeds from share sales amounted to EUR 40 thousand. The portion of the purchased own shares in the share capital (4,745,669 shares) amounted to 0.15 % and the portion of the own shares sold to 0.11 % and the portion of the Company's own shares in the portfolio as to balance sheet day to 0.04 %.

In the financial year of 2010, an amount of EUR 93 thousand, as resulting from the issue of shares out of the contingent capital as surplus above the nominal amount, was allocated to the **capital reserve**. From the sale of own shares, an amount of EUR 19 thousand was allocated to the capital reserve. In the amount of EUR 475 thousand, the capital reserve represents the statutory reserve in terms of Section 150 II of the German Companies Act (AktG) as 10% of the share capital.

On May 28, 2010, the general meeting of shareholders resolved to distribute a dividend of EUR 0.15 per no-par-value bearer share (a total of EUR 711.4 thousand) to the shareholders out of the balance sheet profit of EUR 740 thousand and to allocate an amount of EUR 28.6 thousand to the other **surplus reserves**. Due to the acquisition of own shares, the profit reserve was reduced by EUR 65 thousand. Due to the sale of own shares, the surplus reserves increased by EUR 40 thousand. Furthermore, the surplus reserve was increased by deferred taxes recorded directly in equity in the amount of EUR 56 thousand.

EUR 1,357 thousand (previous year: EUR 1,119 thousand) of the **other provisions** are assigned to staff costs inclusive of incidental expenses.

All **liabilities** amounting to a total of EUR 6,199 thousand (previous year: EUR 6,307 thousand) have a term of up to one year. Liabilities secured by rights of lien or similar rights do not exist.

Liabilities towards affiliated companies consist of trade accounts payable in the amount of EUR 328 thousand (previous year: EUR 165 thousand) and other liabilities in the amount of EUR 1,060 thousand (previous year: EUR 917 thousand).

In connection with the **deferred tax liabilities** (corporate tax) in the amount of EUR 245 thousand, a tax rate of 15.825% was taken as a basis. The deferred tax liabilities of EUR 315 thousand (corporate tax) result from differences between commercial law assessments and tax law assessments and the entailed consequences with respect to the subsidiaries maintained as partnerships in the amount of EUR 1,995 thousand which is primarily due to the reversal of impairment losses of the participation assessment in cm4 GmbH & Co. KG (EUR 2,200 thousand). These effects were offset against the deferred tax assets (see other liabilities deferred taxes trade taxes) of EUR 70 thousand.

IV. Notes to the Profit and Loss Account

EUR 24.952 thousand of **sales figures** were achieved in the domestic country and EUR 2,860 thousand in foreign countries. Furthermore, sales figures are allocated to their respective fields of activities as follows:

	Euro thsd.
System integration	23,726
Managed services	2,153
Other	1,933

The **other operating income** includes income from the dissolution of provisions in the amount of EUR 27 thousand (relating to other periods) as well as write-up of the contribution in cm4 GmbH & Co. KG amounting to EUR 2,200 thousand.

As in the previous year, the **other operating expenses** do not include expenses relating to other periods.

Write-downs on financial assets concern extraordinary write-downs with respect to the participation in InteracTiV sysko GmbH & Co. KG.

The **extraordinary expenses** incurred due to the first application of Section 66 and Section 67 paragraph 1 to 5 of the Introductory Law to the Commercial Code (EGHGB) (transitional provisions with respect to the BilMoG) amount to EUR 36 thousand.

Taxes from income and profit in the amount of EUR 1,113 thousand include income related to other periods of EUR 28 thousand. Taxes from income and profit amounting to EUR 900 thousand are attributed solely to the result of the ordinary business activities. Furthermore, the item taxes from income and profit includes deferred tax expenses of EUR 240 thousand (corporate tax EUR 228 thousand and trade tax EUR 12 thousand).

V. Other Notes

Staff

In 2010, the average staff members without board members amounted to 202 employed persons. Said number is allocated to the field of activity as follows:

	Number
System integration	154
Managed services	17
Other / administration	31

Other Financial Liabilities

The following financial liabilities result from different leasing contracts (especially motor vehicles):

Remaining term	Euro thsd.
Within one year	1,729
Within 2 to 5 years	1,607

Other financial liabilities towards affiliated companies do not exist.

Contingent Liabilities

Guarantees in the amount of EUR 24 thousand exist for customer claims for defects and CHF 120 thousand as security for Swiss value added tax. Risks from a drawing of guarantees are not evident as to balance sheet day.

syskoplan AG has issued letters of comfort to the favor of affiliated companies by means of which the Company undertakes to make available upon first request the financial means for the fulfillment of their obligations up to a maximum amount of a total of EUR 1,500 thousand. Said obligations are, in terms of time, lim-

ited up to May 13, 2011. Up to date, no claims were asserted against syskoplan AG. The Company proceeds from the assumption that no claims will be asserted within the limited time period.

Financial Derivatives

During the year, there existed forward exchange dealings which served to secure a receipt of payments in foreign currency. As to balance sheet day, all forward exchange dealings ceased to exist.

Off-Balance Sheet Transactions

Other off-balance business transactions having a significant influence on the property and the financial and income situation of syskoplan AG do not exist.

Restrictions of Distributions

According to Section 268 paragraph 8 of the German Commercial Code, a restriction on distributing profits results from capitalizations as follows:

From capitalization	Euro thsd.
Original intangible assets	0
Deferred taxes	0
From assets at fair value	0.7

Members of the Board of Directors

In 2010, the following persons were members of the board of directors of the Company:

- + Josef Mago (since Oct. 1, 2009, chairman since Jan. 1, 2010), Corporate Development, Capital Market, M&A and HR for Partners
- + Dott. Daniele Angelucci (until Dec. 31, 2010), Finances, Shares Services, Governance, Compliance and Bodies
- + Dr. Jochen Meier Operations, Distribution and Staff, since Jan. 1, 2011 Finances and Staff
- + Dott. Flavia Rebuffat (since Jan. 1, 2011), Operations

In the financial year 2010, the members of the board of directors were represented in the following supervisory boards and other comparable domestic and foreign supervising bodies:

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

Members of the Supervisory Board

In the year under review, the following persons 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, Vice-Chairman
- + Dr. Stefan Duhnkrack Partner of Heuking Kühn Lüer Wojtek, Hamburg
- + Dott. Riccardo Lodigiani Senior Partner of Reply S.p.A., Turin, Italy

- + Dr. Markus Miele Managing shareholder of Miele & Cie. KG, Gütersloh
- + Dott. Tatiana Rizzante Senior Partner of Reply S.p.A., Turin, Italy.

Mandates of the Members of the Supervisory Board

In the year under review, the members of the supervisory board held the following mandates in supervisory boards and comparable domestic and foreign supervising bodies:

- + Dott. Mario Rizzante no further mandates
- + Dr. Niels Eskelson no further mandates
- + Dr. Stefan Duhnkrack NetBid Industrie-Auktionen AG, Hamburg, Member of the Supervisory Board
- + Dott. Riccardo Lodigiani no further mandates
- + Dr. Markus Miele ERGO Versicherungsgruppe AG, Düsseldorf, Member of the Supervisory Board
SURTECO SE, Bittenwiesen-Pfaffenhofen, Member of the Supervisory Board
- + Dott. Tatiana Rizzante no further mandates

Remuneration of Board of Directors and Supervisory Board

The remuneration of the management members holding key positions with the syskoplan group subject to reporting according to Section 285 sentence 1 no. 9a of the German Commercial Code includes the remunerations for the active board of directors and the supervisory board.

In the financial year 2010, the remunerations for board members were as follows:

All figures in Euro thsd.	12/31/2010	12/31/2009
Regular salaries	1,270	1,637
Payments following cessation of employment	17	42
Share-based remuneration	0	0

Payments after termination of the employment relationship are recorded as service costs resulting from the pension provisions for the active members of the board of directors. As to Dec. 31, 2010, no loans were granted to board members.

The members of the supervisory board received the following remunerations:

All figures in Euro thsd.	12/31/2010	12/31/2009
Regular salaries	75	75
Long-term remuneration components	0	0

As to December 31, 2010, no loans or advance payments were granted to members of the supervisory board.

With respect to individualization and other details about the remunerations of the management (information according to Section 285 sentence 1 no. 9a sentence 5 to 9 of the German Commercial Code) reference is made to the elaborations made in the management report of the Company.

Provisions for Pensions and Vested Rights of Former Members of the Board of Directors

As to December 31, 2010, pension provisions for former members of the board of directors amount to KEUR 1,114. Apart from that, an amount of KEUR 290 resulting from the adjustments due to the BilMoG has not been created as to December 31, 2010.

Declaration of Conformity

In December of 2010, the board of directors and the supervisory board issued the declaration of conformity according to Section 161 of the German Companies Act (AktG) of the "Regierungskommission Deutscher Corporate Governance Kodex" in its version of June 18, 2009 and made it permanently available for the shareholders on the Company's website.

Share ownership

On balance sheet day, syskoplan AG held direct or indirect interests in the following companies:

	Share in %	Currency	Equity	Net profit for the year
syskotool GmbH, Gütersloh	100	Euro thsd.	289	89
cm4 GmbH & Co. KG, Gütersloh**	100	Euro thsd.	494	-37
cm4 Verwaltungs-GmbH, Gütersloh	100	Euro thsd.	42	3
is4 GmbH & Co. KG, Minden**	51	Euro thsd.	3,741	475
is4 Verwaltungs-GmbH, Minden	51	Euro thsd.	67	0
macroInnovation GmbH, Munich*	100	Euro thsd.	1,969	1,639***
macroSolution GmbH, Munich	100	Euro thsd.	293	110
DOCS.ON GmbH, Stuttgart	25	Euro thsd.	29***	4***
InteractiV sysko GmbH & Co. KG, Munich**	100	Euro thsd.	-901	-107
InteractiV Verwaltungs-GmbH, Munich	100	Euro thsd.	17	-1
discovery sysko GmbH, Munich*	100	Euro thsd.	-473	-504***
cluster sysko GmbH, Gütersloh*	100	Euro thsd.	21	-4***
Xuccess Consulting GmbH, Munich*	100	Euro thsd.	1,535	1,435***
bds sysko GmbH, Munich	100	Euro thsd.	-367	-18
syskoplan Schweiz GmbH, Küsnacht CH	100	Euro thsd.	-20	-34

* Indirect participations

** Before profit transfer/assumption of losses

*** Value for 2009. On November 14, 2009, the meeting of shareholders had resolved the liquidation as to December 31, 2009. In 2010, the Company continued to be operated in liquidation.

Consolidated Financial Statements

As a publicly listed company according to Section 315a of the German Commercial Code, the Company is obliged to draw up a consolidated financial statement in line with internationally recognized accounting principles. The consolidated financial statement is filed with the operator of the Electronic Official Gazette

and is permanently accessible in the electronic company register (register number HRB 3943, entered in the trade register of the court of first instance of Gütersloh).

syskoplan AG, for its part, is again included in the consolidated financial statement of the majority shareholder of Reply S.p.A., Turin, Italy. The consolidated financial statement of Reply S.p.A. is published and deposited in the Registro delle Imprese di Torino under number 97579210010, Partita 08013390011.

The consolidated financial statement for the major circle of companies is drawn up by Alika s.r.l., Turin, Italy. The consolidated financial statement of Alika s.r.l. is deposited in the Registro delle Imprese di Torino under number 07011510018.

Auditors' Fees (Section 285 No. 17 of the German Commercial Code (HGB))

The Company makes use of the facilitation in terms of Section 285 no. 17 last part of the sentence. Accordingly, the fees charged by the auditors for the financial year are not indicated because they are taken into account in the statements made in the consolidated financial statement of syskoplan AG.

Gütersloh, February 25, 2011

syskoplan AG
The Executive Board

4 Audit Opinion

We issued the following opinion on the financial statements and management report:

“We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of syskoplan AG, Gütersloh, for the fiscal year from 1 January 2010 to 31 December 2010. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation and bylaws are the responsibility of the Company’s management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB [“Handelsgesetzbuch”: German Commercial Code] 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 annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company 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 books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and 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 annual financial statements comply with the legal requirements and supplementary provisions of articles of incorporation and bylaws and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company’s position and suitably presents the opportunities and risks of future development.”

Dortmund, February 25, 2011

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

5 Declaration as per §264 Section 2 Sentence 3 and §289 Section 1 Sentence 5 of the German Commercial Code (HGB)

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

Gütersloh, February 25, 2011

syskoplan AG
The Executive Board

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