Financial Report 2008

EASY SOFTWARE AG
SOFTWARE FOR DOCUMENTS

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Preface by the Management Board

Dear shareholders and business associates, partners and employees,

2008 was marked by cyclical fluctuations and, particularly during the last quarter of the year, a severe slowdown in economic strength. EASY SOFTWARE AG was unable to reach the sales targets set for the second half of 2008. The Management Board's response to this trend was reducing material and personnel costs, partial replacements of management personnel in the affected divisions of the group, with a stronger focus on future products, strong partner sales channels, and growth markets. Constant product innovation, such as the newly developed document management system EASY EXPERIENCE, is a long-term guarantee of the company's sustainability.

The solutions provided by EASY SOFTWARE AG enable target-oriented control of all document-based processes in organizations at any time. Particularly in times of cyclical decline, the use of efficiency-increasing solutions for document management proves to be a vital factor. For this reason, the Management Board expects an increase in sales and operating results for the financial year 2009.

With the vast number of existing customers, strengthening of the German and international partner sales channel, the increase in the depth of added value through our own products and the focus on growth markets, EASY SOFTWARE AG will grow profitably. The basis for this is the reorientation of structures and processes that has already taken place. Maximum input of our employees will be a sustainable increase in the company value of EASY SOFTWARE AG.

We would like to thank our employees and partners for their commitment, and our customers and shareholders for their confidence in our corporate orientation. We look forward to continuing our trustful collaboration.

The Management Board

Gereon Neuhaus (CEO)

The company

With more than 9,500 customers, EASY SOFTWARE AG is a leading developer and provider of software solutions for electronic document management (DMS) and enterprise content management (ECM).
EASY provides solutions for revision-proof document and data archiving, ensuring transparency and organization for all relevant documents and records. Documents are held in an electronic workflow, which replicates the user's business processes, in a structured manner across application boundaries.
EASY products integrate with all renowned business software applications by IBM, HP, Microsoft, Oracle, and SAP. This allows EASY SOFTWARE customers to use the benefits of a structured data flow, including the corresponding process, time and cost benefits, in their traditional application environment.
The EASY consulting team and EASY partner companies integrate the products into customers' existing system environments, providing consulting services for optimizing their business processes.
With its numerous existing customers, its use of innovative software technology, its clear-cut focus on growth markets and the existing partner network, EASY SOFTWARE enjoys a solid position in the market, and offers users maximum customer benefit and investment protection.

KEY FIGURES (IFRS) OF THE GROUP

in € million	**2008**	2007
Sales Revenue	**24.4**	23.2
Earnings before tax - EBT	**0.1**	1.1
Net income	**0.1**	1.3
Earnings per share in €	**0.03**	0.24
Balance sheet total	**17.4**	18.9
Equity	**11.2**	11.2
Equity ratio	**64 %**	59 %
Employees at year end	**164**	162

The share

2008 was marked by deep slumps in prices and high volatility in the financial markets throughout the world.
While during the first couple of months in 2008 this mainly affected the financial sector, the course of 2008 saw an intensification of the financial crisis, with a concurrent decrease of business cycle dynamics. During the past few months, all significant stock indices have sustained heavy losses in value. DAX lost almost 40 %, and DAXsector All Software, a representative stock index for the price trend of software companies listed at the stock exchange, has decreased by about 27 % since March 2008.

The EASY SOFTWARE share has also been subjected to a lot of pressure as part of the general market environment.
Although the share's performance had for a long time been conforming to the development of the benchmark indices, its decrease, particularly in January and at year's end, was stronger than the benchmark indices. A short-term price performance that was above average could be ascertained for the period from April to June.
Overall, the share lost almost 67 % of its value in 2008. The most important market was the electronic platform XETRA at about 71 %, followed by the Frankfurt Stock Exchange trading floor at about 25 %.

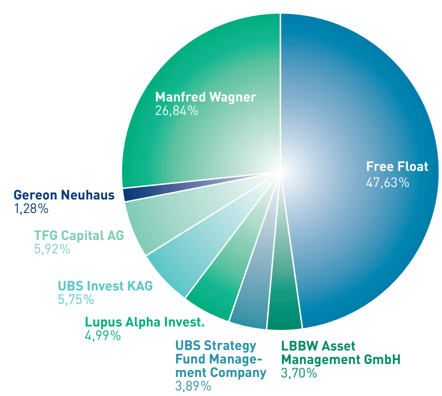
THE EASY SHARE AT A GLANCE

Price as of January 2, 2008	**€6.01**
Annual peak 2008	**€6.20**
Annual low 2008	**€1.59**
Closing price as of December 30, 2008	**€1.99**
Share capital as of December 31, 2008	**€5,403,000.00**
Number of shares as of December 31, 2008	**5,403,000**

KEY FIGURES FOR THE EASY SHARE

WKN	**563400**
ISIN	**DE0005634000**
Stock symbol	**ESY**
Type of share	**Bearer shares (no-par shares)**
Market sector	**General Standard, geregelter Markt**
Market locations	**XETRA, Frankfurt, Hamburg, Berlin, Stuttgart, Düsseldorf**

DEVELOPMENT OF THE EASY SHARE IN 2008



SHAREHOLDER STRUCTURE

Management Board

Gereon Neuhaus

Gereon Neuhaus (left) has held senior management positions in the IT industry for many years. He has accompanied EASY SOFTWARE AG as a member of the Supervisory Board since 2003. As a member of the management of the current Siemens IT - Dienstleistung und Beratung GmbH, Gereon Neuhaus was responsible for the general distribution channel, where he was instrumental in developing its business. Until mid-October 2008, he served as a member of the Management Board of Aareon AG where, in his division, he was responsible for the distribution channel as well as for the strategic alliance with SAP including the Development, Consulting, and Support departments.
Effective October 15, 2008, Gereon Neuhaus was appointed CEO of the Management Board of EASY SOFTWARE AG.

Andreas C. Nowottka

Andreas C. Nowottka (right) has been a member of the Management Board of EASY SOTWARE AG since May 1, 2007. He is responsible for the Product Development and Support divisions. Andreas C. Nowottka has been working at EASY SOFTWARE for more than ten years. He has an excellent knowledge of the market. With his know-how, he has been a significant force in driving strategic product development of our cross-platform ENTERPRISE.x server and the new tool EASY EXPERIENCE.

Supervisory Board

Manfred A. Wagner, Chairman

Manfred A. Wagner (middle) is the senior executive of a large medium-sized group of companies. The group's main activities are in the electrical engineering, electronics, industrial packaging, and IT services sectors. Manfred A. Wagner is a banker, and has been a member (chairman) of the Supervisory Board of EASY SOFTWARE AG since October 7, 2002.

Prof. Dr. Helmut Balzert

Prof. Dr. Helmut Balzert (right) holds the chair of software technology at the Ruhr University of Bochum, Germany. After studying electrical engineering and computer science, including graduation, he worked in businesses for eleven years. Prof. Balzert's research areas include the fields of generating Web applications and innovative e-learning systems. He is chairman of the Supervisory Board of otris software AG of Dortmund (Germany), and a member of the Supervisory Board at Schleupen AG of Moers (Germany). He is co-owner of W3L GmbH of Witten (Germany). He has been a member of the Supervisory Board of EASY SOFTWARE AG since December 17, 2008.

Throughout his career, René Scheer (left) has gained substantial experience in senior management positions, both in public law corporations as well as in the private sector. Since 1999, he has been the sole CEO of ComNetMedia AG of Dortmund, Germany. Additionally, he is a shareholder in three other organizations that provide extensive services and efficient solutions for optimizing business processes in the real estate industry. René Scheer has been a member of the Supervisory Board of EASY SOFTWARE AG since December 17, 2008.

Corporate Governance

Good corporate governance is very important to the Management Board and the Supervisory Board of EASY SOFTWARE AG. It is the basis for an efficient corporate management and for the confidence of our shareholders, customers, employees and the public.

The German Corporate Governance Code in the version of June 6, 2008 includes statutory provisions, recommendations and suggestions as a mission statement for transparent and responsible corporate governance and management control. The statutory provisions are applicable law and therefore binding. The recommendations and suggestions refer to common national and international Corporate Governance Standards that do not have to be complied with imperatively; however, possible deviations from the recommendations must be disclosed in the annual compliance statement according to § 161 AktG (German Corporation Law). The compliance statement is subject to examination by the auditor elected in the shareholders' meeting.

EASY SOFTWARE AG complied with, and will comply with in future, the recommendations of the Code except for only few deviations mainly being due to the size of the company and its bodies.

Management Board and Supervisory Board of EASY SOFTWARE AG

EASY SOFTWARE AG

Financial Report 2008

GROUP MANAGEMENT REPORT

Management Report 2008

BUSINESS DEVELOPMENT

Market situation

In 2008, the EASY SOFTWARE Group has increased sales by around €1.2 million (+5.3 %) to €24.4 million compared to last year. The targeted annual sales of €27.0 million were based on the empirical increase in orders at year-end. In the second half-year, however, the company was strongly affected by the plunge in capital expenditure in overall economy and recognized decreasing order entries in the last quarter of the year. The target figures could therefore not be reached.

The Management Board still sees great market potential for document management systems (DMS) or, respectively, Enterprise Content Management solutions (ECM), which can be used in all sectors and whose market penetration is still very low. The latest market study by the VOI (Verband Organisations- und Informationssysteme e. V.) in 2007 revealed that more than 65 % of the corporations were unsupplied in the area of DMS applications.

In view of the fact that there is more and more need just in difficult times to tap the full cost cutting potential through efficient control and automation of operational and administrative processes, the Management Board expects a countercyclical investment activity, ensuring the company's success in the future. Due to their high efficiency increase potential, DMS solutions will remain a growth market in the long run.

As one of the market-leading companies with – according to the VOI study – the widest spread of its own products and the highest level of awareness among potential new customers, the Group possesses a stable starting base to benefit from the market development to a disproportionate extent. With its wide and innovative range of products and solutions it is excellently positioned for this purpose. The fact that more than 500 new customers were won in 2008 again substantiates the company's stability and the attractiveness of EASY products.

Distribution structure

Our marketing staff's specific knowledge about business processes is of great importance. Our customers expect extensive knowledge about technologically up-to-date DMS solution packages and want to be provided with expert advice on process and cost advantages. Large medium-sized enterprises and groups make particularly complex demands on a DMS solution and are therefore directly serviced by our own end user support.

Competent and strong partners form the basis for the market success of our solutions. We offer an extensive partner network to interested parties and customers.

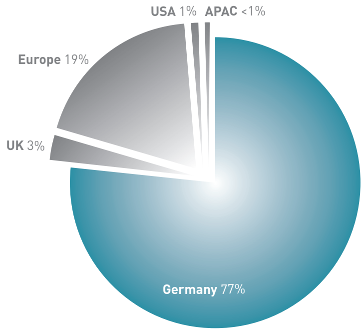
The certification program for sales partners was initiated in the previous year and successfully implemented in 2008. Here the focus is placed on the further promotion of the

9,500

partners' competence. As a consequence of high certification standards and the obligation to conduct annual re-certification, the company continuously improves the quality of its affiliate distribution.
The close collaboration of direct marketing, consulting team and partner network enables us to advise more than 9,500 customers.

Sales approach
The distribution software sales@vision is a high-performance tool for EASY partners enabling them to present the world of EASY products to prospective new customers using state-of-the-art media. The software can be customized to the individual requirements of the partners. The aim of a Europe-wide uniform market approach is thus achieved.

Regarding distribution, the company backed up its market-leading position through the annual central customer and partner event, which in 2008 met with the greatest customers' response in the company's history. Its highlight was the first-time presentation of the trendsetting new EASY EXPERIENCE product suite.
The EASY product range was successfully presented at the most important events of the sector at home and abroad (CeBIT Hanover, SYSTEMS, Munich, DMS Expo, Cologne, SAPPHIRE, Berlin, SAP SUMMIT, Singapore, CeBIT Bilisim Eurasia, Istanbul, Lotusphere, Orlando, Convergence, Copenhagen) as well as at numerous other workshops and roadshows.



CUSTOMERS BY REGION

Organization
Internally, 2008 was a year of reorganization for the company. After Josef Gemeri retired as chairman of the Management Board in April 2008, he was replaced by Gereon Neuhaus, the previous deputy chairman of the Supervisory Board, in October 2008. This was the beginning of a change of strategy. Adequate restructuring measures were realized with the aim to strengthen and further expand the market leadership for DMS solutions.

Software development
Our software development is geared to the suggestions made by our partners and customers as well as to technological progress. In order to be able to act on market requirements

at an early stage, customer needs are always centrally collected, checked and implemented in one of the future software releases.

Document-based solution packages with integrated business processes were a focal point in 2008. An example of this is processing incoming invoices using EASY INVOICE for ERP systems such as SAP and Microsoft Dynamics, which was clearly advanced and meanwhile ranks among the market drivers with increasing demand.

EASY CONTRACT for contract management developed positively as well. The concept based on EASY DOCUMENTS was expanded by new modules and is used in most diverse cross-sector customer scenarios.

With more than 1,000 workflow installations, EASY DOCUMENTS has become a top-ranking product. The permanent optimization of our Web-based workflow enables our partners and customers to replicate processes in a simple and effective manner. Electronically timesaving and automated operation of these processes is made possible. It is precisely with regard to the development of workflow scenarios that the continuous dialog with our customers becomes a motor of innovation. With the new Mobile Client for the iPhone©, Windows Mobile© and other smartphones, our workflow is now also well-equipped for mobile use.

Software development focused on the new product suite EASY EXPERIENCE, which integrally extends the ENTERPRISE.x environment with ad-hoc and rule-based workflows. Relating to this the new client was presented for the first time, setting new standards, both in functional and ergonomical terms. A special highlight is the outstanding offline feature including full text search and platform independence. The new EXPERIENCE now enables making all archive, DMS and workflow functions available in a single server and client system. Project runtimes for complex solutions and administrative support are thus clearly reduced, attaining even faster ROI (return on investment).

New versions of our e-mail archiving solutions EASY xBASE for Microsoft Exchange© and EASY NOTES for Lotus Notes© allow for the continuously strong demand for revision-proof archiving of business-related e-mails in read-only format.

With the current version EASY xSHARE for ideal integration into the Microsoft SharePoint© Server, one of the most extensive connections of an ECM provider to the Microsoft portal was implemented. Besides the transparent archiving of SharePoint documents, SharePoint itself becomes an EASY client that allows searching EASY documents, as well as simple and individual archive viewing.

The ongoing development of the product portfolio and the introduction of the new future product EASY EXPERIENCE as well as the further expansion of the partner and direct customer channel constitute the basis for solid advancement in the growth market for DMS solutions that the company created in 2008.

The EASY share

Under the influence of the turbulences at the financial markets the EASY share developed negatively in the past financial year, analogous to the total market. Compared to the XETRA closing price of €6.01 per share at year-end 2007, the XETRA price level came to €1.99 at the end of 2008. The XETRA maximum rate in 2008 amounted to €6.20 on January 3; the year's XETRA low was €1.59 on December 19.

The Management Board is not satisfied with this performance and considers it possible that the stock develops positively in 2009 even when times are turbulent at the stock markets. In the long run, EASY SOFTWARE AG remains a company with a solid business model and considerable development potential for the future.

International

In the first full financial year after its formation in 2007, EASY SOFTWARE (ASIA PACIFIC) PTE. LTD. could distinctly raise its awareness level in the Asia-Pacific region (APAC) and successfully extend its customer base and partner network further. Among others, a large Asian discounter with a complex workflow project was thus acquired.

The development of EASY SOFTWARE (UK) PLC. continues to be unsatisfactory. The company could improve its operational result only slightly. Additionally, the exchange rate of the British pound that declined considerably in the course of the year strained the result. In mid-2008 the company's managing director retired and 24 % of the shares that had been sold to him were re-acquired so that EASY SOFTWARE AG again holds 100 % of the shares.

EASY SOFTWARE INC. in the USA succeeded in expanding business activity and, among others, in beating other competitors and winning a contract with a well-known American packaging producer for the first EASY INVOICE solution in North America.

Due to their excellent partner structure, EASY SOLUTIONS Archivierungs- und Informationssysteme GmbH in Austria achieved a clear growth in sales of nearly 44 % and a profit growth of 51 %.

DETAILED FIGURES

Sales and earnings development

In the financial year 2008 EASY SOFTWARE Group could increase its sales by about €1.2 million from €23.2 million to €24.4 million (+ 5.3 %), of which €18.2 million (prior year €18.0 million) fall upon domestic business and €6.2 million (prior year €5.2 million) upon foreign business.

Sales relating to software amounted to €8.7 million (prior year €8.7 million), sales relating to software maintenance and services to €14.9 million (prior year €13.8 million) and sales relating to hardware and miscellaneous to €0.8 million (prior year €0.7 million).

Earnings before tax show a profit of €0.1 million (prior year pre-tax profit of €1.1 million), the net income for the financial year amounted to €0.1 million (prior year €1.3 million).

The share of sales of EASY software products comprising an external license portion or where external services were applied in customer projects rose in 2008 so that the cost of materials increased by 15 %. The cost of materials ratio increased by 1.6 % from 18.1 % to 19.7 % in the reporting year. Furthermore, investments were made in staff, development and marketing in the interest of the company's development.

The group's net income for the financial year has declined by 89 % due to the expenditure for external licenses, external services and for the future growth of the company, and due to the recessive development of sales in the last quarter, at sales revenues having increased by 5.3 %.

The development of EASY SOFTWARE (UK) PLC. is still unsatisfactory. To ensure the company's continued existence, a letter of comfort was issued in favor of the subsidiary in mid-2008.

To reduce the interest charge in the Group, EASY SOFTWARE AG undertook to take over the short term liabilities of EASY SOFTWARE (UK) PLC. to banks (current account) in Germany amounting to €2.3 million. EASY SOFTWARE AG had already given an absolute guarantee for these liabilities. As the business development in UK continued to be below projections, the risk of availment arose. The loan is planned to be paid off from liquid funds in the first half of 2009.

Due to the strategy of product focusing the software product PROXESS bought in addition some years ago was sold at the end of the year 2008 with a book profit of €0.5 million.

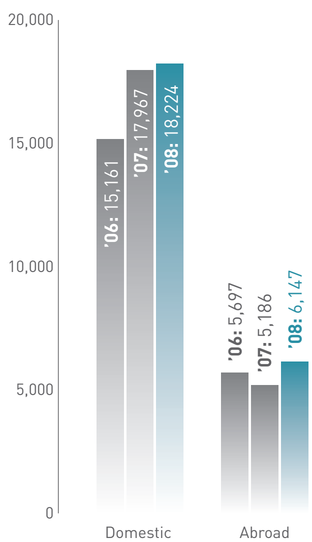
Structure of assets and liabilities and capital structure

Compared to the prior year, the balance sheet total of the Group decreased by €1.5 million from €18.9 million to €17.4 million, meaning a reduction of 7.6 %.

64%

The equity ratio increased from 59 % in 2007 to 64 % in 2008.

In the reporting period the company invested development expenses of €2.3 million (prior year €1.5 million) in self-created software, which are included in fixed assets in the balance sheet and recognized as own work capitalized in the income statement. They are written off according to the straight-line method over a useful period of three years starting with the reporting year.



SALES DOMESTIC/ABROAD IN € THOUSAND

Financial position

Bank balances decreased from €3.4 million in the prior year to €2.6 million at the end of 2008.

The operating cash flow, i.e. the net income for the year adjusted by non-cash changes in the balance sheet items, decreased by €1.0 million in the reporting year in consequence of the decline in the annual result by €1.2 million.

If one takes into account that, as the course of business slowed down at year-end due to economic factors, increased expenses were borne to ensure the long-term growth of the company, and that trade payables were halved at the end of the year, the development of liquid funds is very stable. This emphasizes the financial solidity of EASY SOFTWARE AG even in a difficult economic situation.

Due to the high volume of payments from software maintenance agreements, which are collected at the beginning of the year, a sufficient liquidity is secured all year round, so that the financing is made solely with own resources apart from the existing loan liabilities of EASY SOFTWARE (UK) PLC. After performance of the planned takeover and redemption of the loan liabilities, new raising of credit through EASY SOFTWARE AG might become necessary towards the end of 2009, unless the current revenues from new business mean sufficient accrual of liquid funds in 2009.

Investments

Essential investments consist in own work capitalized and additional third-party services for new developments of the different software modules amounting to €2.3 million, which in 2008 related in particular to the redevelopment of EASY EXPERIENCE.

The other investments in tangible and intangible fixed assets mainly related to hardware and software, which ensure the smooth operation of the company and a professional equipment with technical infrastructure for development purposes and customer presentations.

Due to the repurchase of 24 % of the shares in EASY SOFTWARE (UK) PLC. from their retired managing director, goodwill increased by €128 thousand in the balance sheet of EASY SOFTWARE AG.

Employees

In 2008 the average number of employees increased by 15 to 169 compared to an average of 154 in 2007. The increase reflects the scheduled recruitment in the core divisions of Development, Sales & Distribution and Consulting. This serves to develop the company further and to secure its efficiency and guaranteed future. Resulting from this, personnel expenses increased in 2008, compared to 2007.

169

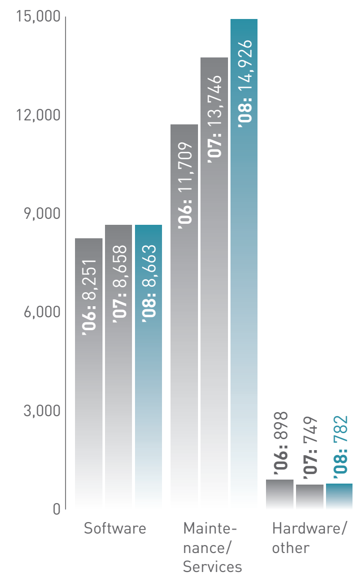
In view of the decline in order entries at the end of 2008, the initiated staff expansion was partly reversed. So the average number of employees amounted to 171 in the first quarter of 2008 and to 164 in the fourth quarter. Further staff reductions were not possible without endangering the development, consulting or marketing of already initiated projects (including EASY EXPERIENCE).

OPPORTUNITIES

The Management Board realizes the opportunity that customers at home and abroad trust and invest in efficiency improvement by applying innovative DMS solutions just because of the cyclical risks.

Due to the investments, various prospects arise in the opening of new market segments with the innovative product suite EASY EXPERIENCE and with the development of cross-section and industry-oriented solutions. Furthermore, cooperation with renowned producers also creates additional potential, especially in the area of ERP integration. A further rise of the degree of added value might help to realize additional potential yields.

Further opportunities for a future positive development of the Group arise from international market penetration, particularly by expanding the partner sales channels in other European countries and in the USA.



SALES BY SEGMENT IN € THOUSAND

RISKS OF FUTURE DEVELOPMENT AND SAFEGUARDING

In order to be able to seize the opportunities offered by the market, EASY SOFTWARE AG – just like every company – must take entrepreneurial risks which are always kept restricted as far as possible for the sake of a sound business policy.

Major risks for our company result from market conditions and the competitive environment. Apart from the expected, generally recessive economic situation, it is primarily sectoral risks and the rapid technological change that may affect the course of business.

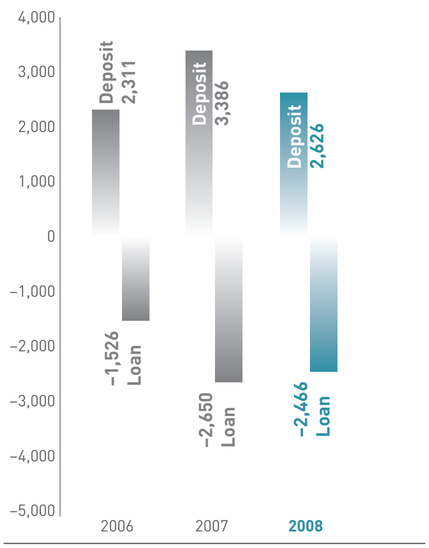
Subject to the economic and sectoral development there are risks particularly related to sales and earnings that possibly cannot be completely compensated in spite of current cost control.

To prevent delays in payment or difficulties in collecting in receivables, the development of receivables and the ageing structure are constantly monitored. This helps to identify any potential risks at an early stage and to initiate countermeasures.

We allow for the specific risks involved in our business through the recognition of individual value adjustments. Regarding new customers, we usually obtain information about their credit standing to assess the credit risk. The results of these analyses are considered when entering into new business relations. The maximum amount of credit risk equals the amount of the receivables recognised.

Moreover, the Group faces risks with respect to EASY SOFTWARE (UK) PLC. In the past financial year the company only recognized a slight improvement in its result of operations (adjusted by extraordinary income). The current goodwill amounts to €0.7 million. In case that the company should not attain the expected positive results in the financial year 2009, there are value adjustment risks with respect to goodwill. We meet these risks with consistent controlling effected through the Management Board and with an intensive distribution-related support in order to win new partners. In view of the initiated measures we assume that these risks can be reduced to a minimum in 2009.

We consider consistent risk management to be an instrument for the long-term safeguarding of our company. We have an early warning system for the identification of potential endangerments including internal and external risk factors. We thus have installed a monitoring system ensuring the identification, analysis and communication of risks that might endanger the continued existence of the company, as well as changes in these risks.



LIQUIDITY DEVELOPMENT IN € THOUSAND

Adherence to the strategic targets is controlled by the respective specialized departments. Central audits of key figures (such as development of new customers, trends in sales and operating results, as well as cash flows and liquid funds), planning variances, process control as well as market and competition analyses round off our risk management. Thus, we have set up a monitoring system wich ensures recognition, analysis and communication of risks endangering the company's existence and the change of these risks.

CORPORATE GOVERNANCE

The declaration on the Corporate Governance Code stipulated by § 161 AktG (German Corporation Law) was entered on our Web pages inclusive of modifications and thus made permanently available to the shareholders.

ADDITIONAL INFORMATION

Subscribed capital amounts to €5,403,000.00. It is divided into 5,403,000 individual share certificates at an arithmetical par value of €1.00 each.

By resolution passed at the General Meeting on May 29, 2008 the Management Board is authorized to increase the company's share capital upon approval by the Supervisory Board once or several times by up to €2,701,500.00 against cash or non-cash contributions (authorized capital) by December 31, 2012. This authorization has not been exercised so far.

Mr. Manfred A. Wagner, chairman of the Supervisory Board, has a share of 26.84 % in the subscribed capital. Mr. Gereon Neuhaus, chairman of the Management Board, has a share of 1.28 % in the subscribed capital.

The remuneration system for the members of the Management Board of EASY SOFTWARE AG stipulates that all board members receive a variable portion besides their fixed, non-profit-related salary. The variable portion is dependent on the achievement of certain objectives, mainly including budgeted results within the group. There are no other components such as long-term profit-related remuneration (e. g. stock option programs).

The non-profit-related salary components relate to the fixed salary and to the use of a company car. The assessment of management bonuses for individual board members is oriented to the result situation of the combined group and is stipulated by contract.

In the course of the reporting year three persons were appointed members of the Management Board in accordance with the regulations of sections 84 and 85 AktG (German Stock Corporation Act). 2008, the remunerations of the active members of the Management Board amounted to €419 thousand (prior year €368 thousand). The variable share of the remuneration package amounted to 44 %.

Remunerations paid in the financial year 2008 (in € thousand) are broken down as follows:

Name	Fixed salary	Fringe benefits	Bonus/One-off payments	Total
Gereon Neuhaus*	49	3	16	68
Andreas C. Nowottka	119	9	15	143
Josef Gemeri**	50	4	154	208
Total	218	16	185	419

* Chairman of the Management Board as of October 15, 2008
** Chairman of the Management Board until April 8, 2008

OUTLOOK 2009

The year 2009 will be conditioned by the market launch of EASY EXPERIENCE with its trendsetting technology and, based on this, by the development and marketing of a wide solution portfolio. On the one hand, this includes solution packages for horizontal corporate functions which are of intersectoral use to a great number of users (e.g. electronic personnel file); on the other hand, there are solutions that are specifically tailored to the needs and processes of some target industries.

Besides EASY ENTERPRISE.x as the basis of EASY EXPERIENCE, the proven EASY ENTERPRISE.i suite will continue to be maintained so that customers have an extensive portfolio of basic technologies and solutions to choose from. Improvements are planned also for well-established core products and interfaces.

Based on an enhancement of the international distribution, the partner sales channels that have not been fully developed so far are planned to be expanded especially in other European countries and the USA in order to utilize their multiplier effect for an above-average growth.

OEM partners who integrate the EASY products as part of their own software solutions are contacted to an increasing extent. The OEM partner thus offers his existing customers the opportunity to enjoy the advantages of EASY products with their existent applications without a system change being required.

In addition to the presence at trade shows and the annual partner and customer conference, the Management Board increasingly counts on regional customer events and specific roadshows for 2009 to support affiliate distribution at home and abroad.

Thus EASY SOFTWARE AG will be able also in 2009 to assert and further strengthen its position as leading DMS provider.

For 2009 the company expects to be in a position, with sales increasing again, to tie in with the clearly positive results of the preceding years.

Mülheim an der Ruhr, March 2009

Gereon Neuhaus

Andreas C. Nowottka

EASY SOFTWARE AG
Financial Report 2008

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements (IFRS)

CONSOLIDATED INCOME STATEMENT (IFRS) AS OF DECEMBER 31, 2008

in € thousand	Notes	**2008**	2007
1. Sales revenue	(16)	**24,371**	23,153
2. Own work capitalised	(17)	**2,347**	1,489
3. Other operating income	(18)	**642**	305
4. Cost of materials	(19)	**4,804**	4,179
5. Personnal expenses	(20)	**11,693**	10,484
6. Depreciation of intangible assets and fixed assets		**2,481**	2,027
7. Other operating expenses	(21)	**8,238**	7,132
8. Interest and similar income	(22)	**185**	179
9. Interest and similar expenses	(22)	**186**	250
10. Earnings before tax		**143**	1,054
11. Taxes on income	(23)	**-29**	-268
12. Net income for the period		**172**	1,322
13. Minority interest		**31**	20
14. Net income apportionable to the investor of EASY SOFTWARE AG is entitled to	(24)	**141**	1,302
Earnings per share	(24)	**0.03**	0.24

CONSOLIDATED BALANCE SHEET – ASSETS

in € thousand	Notes	12/31/2008	12/31/2007
I. Non-current assets			
1.) Software development expenses	(1)	2,061	1,499
2.) Goodwill	(2)	1,083	955
3.) Other intangible assets	(3)	1,742	3,302
4.) Fixed assets	(4)	653	779
5.) Deferred taxes on the assets side	(5)	3,429	3,237
		8,968	9,772
II. Current assets			
1.) Inventories	(6)	185	143
2.) Trade receivables	(7)	5,087	4,683
3.) Other receivables	(8)	574	882
4.) Cash and cash equivalents	(9)	2,626	3,386
		8,472	9,094
Total assets		17,440	18,866

CONSOLIDATED BALANCE SHEET – LIABILITIES

in € thousand	Notes	12/31/2008	12/31/2007
I. Share capital and reserves	(10)		
1.) Subscribed capital		5,403	5,403
2.) Reserves			
Capital reserve		26,836	26,836
Revenue reserve		38	38
Net loss		-21,032	-21,173
3.) Currency translation adjustment		-98	63
4.) Minority interest		60	50
		11,207	11,217
II. Liabilities			
1.) Long-term liabilities			
Deferred tax liabilities	(11)	693	605
2.) Short-term liabilities			
Accruals	(12)	23	163
Financial liabilities	(13)	2,466	2,650
Trade accounts payable	(14)	1,248	2,699
Other liabilities	(15)	1,803	1,532
		6,233	7,649
Total equity and liabilities		17,440	18,866

CASH FLOW STATEMENT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2008

in € thousand	2008	2007
Consolidated net income including minority interest	172	1,322
Depreciation of fixed assets	2,481	2,027
Currency translation	54	79
Addition to capitalized own development	–2,347	–1,489
Decrease (previous year, increase) in accruals	–236	129
Profit on disposal of fixed assets	167	0
Increase in inventories, trade receivables and other assets	–3,164	–628
Increase in deferred tax liabilities	–104	–309
Increase (Previous year: decrease) in trade payables and other liabilities	3,043	–63
Cash flow from operating activities	66	1,068
Payment of sales of intangible assets	1,200	64
Payout of investments in intangible assets	–1,647	–1,119
Payout of investments in fixed assets	–230	–367
Payout of investments in subsidiaries		
(previous year: payout of investments in subsidiaries)	–128	320
Cash flow from investment activity	–805	–1,102
Redemption of bank loans	0	–526
Payment in bank loans	0	1,650
Payout to minority shareholder	–21	–15
Payment of disposition of treasury stock	0	0
Cash flow from financing activity	–21	1,109
Change in cash and cash equivalents	–760	1,075
Cash and cash equivalents at the beginning of the period	3,386	2,311
Cash and cash equivalents at the end of the period	2,626	3,386

Cash and cash equivalents comprise:

in € thousand	**12/31/2008**	12/31/2007	Change
Cash-in-hand, bank balances	**2,626**	3,386	-760

In the financial year, interests amounting to €186 thousand (previous year: €225 thousand) were paid out and interests amounting to €185 thousand (previsous year: €178 thousand) were paid in.
Payments of taxes on earnings amounted to €43 thousand.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2008

in € thousand	Subscribed Capital	Capital reserve	Revenue reserve	Net loss	Currency translation	Minority interest	Total
Brought forward as at 01/01/2007	5,403	26,836	38	–22,475	–16	45	9,831
Currency translation	0	0	0	0	79	0	79
Payout to minority shareholders	0	0	0	0	0	–15	–15
Net income for the year	0	0	0	1,302	0	20	1,322
Status as of 12/31/2007	5,403	26,836	38	–21,173	63	50	11,217
Brought forward as at 01/01/2008	**5,403**	**26,836**	**38**	**–21,173**	**63**	**50**	**11,217**
Currency translation	**0**	**0**	**0**	**0**	**–161**	**0**	**–161**
Payout to minority shareholders	**0**	**0**	**0**	**0**	**0**	**–21**	**–21**
Net income for the year	**0**	**0**	**0**	**141**	**0**	**31**	**172**
Status as of 12/31/2008	**5,403**	**26,836**	**38**	**–21,032**	**–98**	**60**	**11,207**

Notes to the Consolidated Financial Statements

General information

EASY SOFTWARE AG, Mülheim an der Ruhr, was established on March 6, 1990 under the name EASY Elektronische Archivsysteme GmbH and transformed into a joint-stock corporation on September 8, 1998 as per section 190 et seq. Law of Reorganisations (UmwG). The object of the company is the development and distribution of hardware and software for electronic archiving and document management systems.

The EASY Group conducts its business at the head office in Mülheim an der Ruhr, in Salzburg/Austria, in Suffolk/Great Britain, in Great Valley/PA/USA and in Singapore.

On the basis of the circumstances on balance sheet date EASY SOFTWARE AG shall be considered as a parent company of a Group headquartered in Germany and is thus required to prepare consolidated financial statements and a group management report as per section 290 German Commercial Code (HGB).

SURVEY OF SIGNIFICANT ACCOUNTING POLICIES

Conformity of consolidated financial statements with IFRSs

The attached consolidated financial statements for the financial year 2008 have been prepared in conformity with International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), London, to be applied bindingly as of December 31, 2008 within the European Union. In addition, the consolidated financial statements comply with the provisions of section 315a, para. 1 HGB. In the preparation of the consolidated financial statements and the determination of the previous year's figures the company generally applied the same accounting policies as in the 2007 consolidated financial statements.

The company did not exercise the option granted as part of a change in IAS 19 and enabling actuarial gains and losses to be taken directly to equity.

In the present consolidated financial statements the company initially applied those Accounting Standards and Interpretations revised by the IASB that are bindingly applicable by EASY SOFTWARE AG in the financial year 2008.

IAS 39 ('Financial Instruments: Recognition and Measurement') and IFRS 7 ('Financial Instruments: Disclosures'): Amendments: Reclassification of Financial Instruments

Under IAS 39 non-derivative financial instruments classified as "held for trading purposes" within the category "recognized in income at fair value", can be reclassified (in exceptional cases) from the category "recognized in income at fair value" into another measurement category. Moreover, financial instruments which meet the definition criteria for "loans and receivables" but which are classified as "held for trading purposes" or as "available for sale", can be reclassified into the category "loans and receivables". The carrying amount is recognized at the fair value of the financial instrument at the date of the reclassification. IFRS 7 also prescribes detailed information about the reasons for the reclassification and about the fair value at the date of reclassification.

The application of the amendments to IAS 39 and IFRS 7 had no effect on the consolidated financial statements of EASY SOFTWARE AG.

IFRIC 11 ('IFRS 2 - Group and Treasury Share Transactions')
IFRIC 11 gives guidance on how to apply IFRS 2 ('Share-based Payment') in three cases:
Share-based payment transactions in which an entity receives services as consideration for its own equity instruments shall be accounted for as equity-settled. This applies regardless of whether the entity chooses or is required to buy those equity instruments from another party to satisfy its obligations under the share-based payment arrangement. It also applies regardless of whether the share-based payment arrangement is settled by the entity itself or by its shareholders.
Where a parent grants rights to its equity instruments to the employees of its subsidiary, the subsidiary must apply the rules of IFRS 2 for equity-settled share-based payment arrangements, if these have already been applied in the consolidated financial statements. The corresponding increase in equity must be recognized as a contribution from the parent.
However, where a subsidiary grants rights to equity instruments of its parent to its employees, the subsidiary is required, under IFRS 2, to account for the transaction with its employees as cash-settled. This requirement applies regardless of how the subsidiary obtains the equity instruments to satisfy its obligations to its employees.
The application of IFRIC 11 has not impacted on the consolidated financial statements of EASY SOFTWARE AG.

IFRIC 14 ('IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction')
IFRIC 14 gives general guidance on how to determine the limit of the surplus amount of a pension fund, i.e. a surplus that can be recognized as an asset under IAS 19 ('Employee Benefits'). The interpretation also specifies the effect of statutory or contractually agreed minimum contributions on the measurement of assets and liabilities of defined benefit plans.
The application of IFRIC 14 has not impacted on consolidated financial statements of EASY SOFTWARE AG.

The IASB newly adopted or revised a number of other Accounting Standards and Interpretations applicable from 1 January 2009 at the earliest, provided they have been approved by the Council of the European Commission and are relevant to EASY SOFTWARE AG.

Standard / Interpretation	*Title*	Applicable from	Approved by EU*
IFRS 1	First-time Adoption of International Financial Reporting Standards (Revised)	01/01/2009	No
IFRS 1	First-time Adoption of International Financial Reporting Standards (Amendments: Cost of an Investment in a Subsidiary, Jointly-controlled Entity or Associate)	01/01/2009	No
IFRS 2	Share-based Payment (Amendment: Vesting Conditions and Cancellations)	01/01/2009	Yes
IFRS 3	Business Combinations (Revised)	01/01/2010	No
IFRS 8	Operating Segments	01/01/2009	Yes
IAS 1	Presentation of Financial Statements (Amendments: A Revised Presentation)	01/01/2009	Yes
IAS 1	Presentation of Financial Statements (Amendments: Puttable Financial Instruments and Obligations Arising on Liquidation)	01/01/2009	No
IAS 23	Borrowing Costs (Amendment)	01/01/2009	Yes
IAS 27	Consolidated and Separate Financial Statements (Amendments: Cost of an Investment in a Subsidiary, Jointly-controlled Entity or Associate)	01/01/2009	No
IAS 27	Consolidated and Separate Financial Statements (Amendments)	01/01/2010	No
IAS 32	Financial Instruments: Presentation (Amendments: Puttable Financial Instruments and Obligations Arising on Liquidation)	01/01/2009	No
IAS 39	Financial Instruments: Recognition and Measurement (Amendment: Eligible Hedged Items)	01/01/2010	No
IFRIC 12	Service Concession Arrangements	01/01/2009**	No
IFRIC 13	Customer Loyalty Programmes	01/01/2009	Yes
IFRIC 15	Agreements for the Construction of Real Estate	01/01/2009	No
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	01/01/2009	No
IFRIC 17	Distributions of Non-cash Assets to Owners	01/01/2010	No

* As of December 31, 2008
** In 2008, the related rules were not applied as they had not been endorsed by the EU.

According to current assessment, the first-time adoption of the above accounting standards will not significantly impact on the Group's net assets, financial position and results of operations.

CONSOLIDATION PRINCIPLES

Scope of consolidation
Besides EASY SOFTWARE AG, Mülheim an der Ruhr, as the parent company the following subsidiaries have been included in the consolidated financial statements, in which EASY SOFTWARE AG directly or indirectly controls the business policy:

Company	**Interest**
EASY SOLUTIONS Archivierungs- und Informationssysteme GmbH, Austria	**70 %**
EASY SOFTWARE (UK) PLC., Great Britain	**100 %**
EASY INTERNATIONAL CONSULTING GmbH, Oberhausen	**100 %**
EASY SOFTWARE INC., USA	**100 %**
EASY SOFTWARE (ASIA PACIFIC) PTE. LTD., Singapore	**100 %**

All companies are included in the consolidated financial statements using the purchase method, as they are controlled directly or indirectly by EASY SOFTWARE AG.

Changes in the scope of consolidation
On October 10, 2008, EASY SOFTWARE AG repurchased, at its original sales prices of €128 thousand, from the former managing director of EASY SOFTWARE (UK) PLC the 24 % shareholding of this company sold in prior year. On this basis, the percentage holding in EASY SOFTWARE (UK) PLC again rose from 76 % to 100 %.
Where relevant, consequences arising from the change in the scope of consolidation will be separately dealt with in the corresponding items.

Consolidation principles and closing date
The annual financial statements prepared as of December 31, 2008 under uniform regulations as required in IAS 27, audited by the local auditors and granted the unqualified auditor's report or the consolidated companies' financial statements audited in the Group audit process form the basis for the consolidated financial statements.
The companies included were consolidated using the purchase method at the date when the control was established (date of acquisition). Assets and liabilities of the subsidiaries were measured at fair values.
Intercompany gains, losses, revenues, income and expenses as well as receivables and liabilities between consolidated companies were eliminated.
Minority interests are disclosed separately in equity.
The group closing date for all companies included is December 31.

Currency translation
In the separate financial statements of the companies included transactions carried out in foreign currencies are measured using the rate at the date of initial recognition. All exchange rate fluctuations occurred until the balance sheet date are considered in the measurement of foreign currency receivables and liabilities. The related gains and losses are recognized in income. Translation differences arising from foreign currency receivables and liabilities to be qualified as net investments in foreign operations are disclosed in revenue reserves without affecting income.
The financial statements of the foreign subsidiaries EASY SOFTWARE (UK) PLC., EASY SOFTWARE INC., Great Valley, PA/USA and EASY SOFTWARE (ASIA PACIFICS) PTE. LTD, Singapore are translated into euros using the functional currency concept as per IAS 21. According to IAS 21, foreign currency is defined as the currency of the pri-

mary economic environment in which the entity operates. As, from a financial, economic and organisational point of view, all these companies carry out their business activities independently, the respective local currency is the functional currency. Assets and liabilities are therefore translated at the average rate ruling at the balance sheet date. Part of the items in the income statement is translated at the exchange rate ruling at the date of the respective transaction and there are also items translated at the year's average rate to simplify the process. Differences arising on the translation of foreign subsidiaries' financial statements are recognized without income statement impact and are separately shown in revenue reserves. In the year of deconsolidation of foreign subsidiaries these currency differences are reversed and taken to income.

In the financial year 2008 no functional currency of a company included in consolidation was classified as hyperinflationary as per IAS 29 ('Financial Reporting in Hyperinflationary Economies').

No adjustments of the fair values were made for purchasing minority interests. Instead, fair value adjustments of the identified asset values were recognized as goodwill.

Foreign currency translation was based on the following exchange rates:

	Average rate per EUR		Closing date rate per EUR	
	2008	2007	**2008**	2007
British pound (GBP)	**0.7938**	0.7369	**0.9735**	0.6871
US Dollar (USD)	**1.4633**	1.4719	**1.4094**	1.3203
Singapore Dollar (SGD)	**2.0730**	2.1277	**2.0325**	2.0437

Accounting policies

The consolidated financial statements have been prepared in euros; all amounts are stated in thousands of euros (€ thousand). The cost method has been applied in principle. In compliance with IAS 27 uniform accounting policies have been established for all group companies, which have been changed compared to the previous year only to the extent described above.

As per IAS 1.51, the balance sheet is classified according to current and non-current assets and liabilities. The income statement is prepared using the nature of expense method.

In the following the major accounting policies are presented in detail:

Cost for newly developed software products are capitalized at cost of conversion as far as the expenditure can be clearly allocated and both the technical feasibility and the marketability of the newly developed products is guaranteed (IAS 38). Furthermore, the development activity has to result in probable future economic benefits. Costs of conversion comprise the cost directly or indirectly attributable to the development phase. Amortisation is made on the basis of the estimated sales period of the software products, currently amounting to three years. In compliance with IAS 38, research expenditure may not be capitalized and are therefore directly recognized as expenditure in the income statement.

Goodwill is capitalized in accordance with IFRS 3. IAS 36 and IAS 38 stipulate that there should be an impairment test at least once a year. Should there be any indication that it may be impaired, such an impairment test must also be made during the year and where required, impairment losses will be recognised. Impairment losses are reversed where the reasons for their recognition in the prior year no longer exist.
The recoverable amount of goodwill capitalized was determined on the basis of the value in use. the discounted net cash flows were determined on the basis of current success prospects and the financial and earnings planning of the lines of distribution for the next three years. The cash flows determined were discounted using a pre-tax discount rate of 9.5 % p.a. If the carrying amount of goodwill exceeds the recoverable amount thus determined, the difference represents the impairment which is recognized in the income statement. Recoverability of goodwill is assumed, if the carrying amount falls below the amount assumed. Impairment is not required in this case. If the impairment test results in the necessity for impairment, the corresponding loss is recognized under amortisation and write-downs.
Internally generated intangible assets (software development costs) are measured at cost, less scheduled amortisation. The individual assets' useful lives are limited. According to their expected useful lives, they are amortized over a period of three years. Intangible assets are amortized using only the straight-line method.
Other intangible assets, especially the acquired customer base, are measured at cost, less scheduled amortisation. The individual assets' useful lives are limited. According to their expected useful lives, they are amortized over a period of 3 to 15 years. Intangible assets are amortized using only the straight-line method.

Property, plant and equipment are measured at cost, less scheduled depreciation. The revaluation method optionally applicable under IAS 16 ('Property, Plant and Equipment') is not used. Tangible assets are depreciated using only the straight-line method.
Maintenance cost not embodying additional economic benefits are recognized as expense at the date they have been incurred.
Impairment losses are based on the following useful lives within the Group:

Years	**Useful life**
Intangible assets	**3 to 15**
Fixtures in third-party buildings	**10**
Technical equipment and machinery	**3 to 5**
Furniture	**10**

Where there is any indication that an asset may be impaired and where the recoverable amount is below amortised cost, impairment losses are determined on the tangible assets. Should the reasons for impairment losses no longer exist, they will be reversed.
As per IAS 2 ('Inventories') inventories include product licenses and merchandise which are recognized at cost or the lower net realisable value respectively, determined on the basis of the expected sales proceeds less cost accruing.
Under IAS 11 ('Construction contracts') projects not yet completed are recognized in trade receivables and classified as contract work in progress.
This relates to fixed price contracts for which the total contract revenue can be estimated reliably and for which it is probable that the economic benefits associated with the contract will flow to the enterprise. Furthermore, both the con-

tract costs to complete the contract and the stage of contract completion at the balance sheet date can be measured reliably and contract cost attributable to the contract can be clearly identified and measured reliably.

The contract revenue and contract costs associated with these projects are recognized as revenue and expenses respectively by reference to the stage of completion reached at the balance sheet date ("percentage of completion method"). In accordance with IAS 36, a loss expected to result from the construction contract must directly be recorded as expense.

The stage of completion reached in a project is determined on the basis of documentation showing the services rendered/supplies made in this project.

As set out in IAS 39, receivables are classified as "loans and receivables" and stated at amortized costs. Should there be any doubts as to their collectability, the customer receivables are recognized at the lower present value of the estimated, future cash flows.

The financial assets shown in other receivables and attributable, under IAS 39, to the class "loans and receivables" are measured at amortized cost.

Individual value adjustments are made for recognizable risks.

A defined benefit asset (IAS 19) is recognized for direct pension commitments. The asset is stated on the basis of actuarial calculations as per IAS 19. Actuarial gains and losses are recognized in profit or loss in the year they have been realized. Both the interest component included in the pension expenditure and actuarial losses are recognized under interest expenses.

Cash and cash equivalents are measured at their nominal values.

Regarding the recognition of assets that are not inventories, deferred tax assets or financial instruments, such assets are examined at each balance sheet date as to any indication of impairment. If such an indication exists, the recoverable amount (the higher of fair value less costs to sell and value in use) is determined and compared to the carrying amount recognized. If the recoverable amount falls below the carrying amount the asset is written down to the recoverable amount. The impairment loss is recognized as an expense in the income statement. Revaluations of non-current assets or impairments of non-current assets were not required in the financial year.

Provisions are recognized where there exist legal or constructive obligations to a third party which are based on past transactions and events and which will probably result in the outflow of assets which can be estimated reliably. The probability that a risk could materialize must be more than 50%. The provisions are recognized at the amount expected to settle the obligation, taking account of all identifiable risks, and are not offset with any recourse claims. For the amount recognized to settle the obligation, the most likely scenario is taken.

Liabilities are measured at amortized cost.

Revenues from the disposal of products and merchandise or the rendering of services are realized when the services to be rendered/the supplies to be made have been completed, the risk has been transferred and the expected consideration has been estimated reliably.

Income and expenses of the financial year are recognized when they are realized, regardless of the date of payment.

Interest is recognized as income or expense in the period in which they accrue.

Income taxes allow for current taxes and deferred taxes and are recognized in the income statement, unless the underlying facts are credited or charged directly to equity. Current income taxes mainly relate to allocations to the provision for trade tax and corporate income tax and are determined on the basis of the tax rates applicable as of the balance sheet date.

Deferred taxes are calculated using the temporary method as per IAS 12. According to that, deferred tax assets/deferred tax liabilities result from temporary differences in the amounts recognized in the tax balance sheets and the IFRS accounts (HB II), tax loss carryforwards that can be utilized and consolidation measures.
The respective assessment bases of deferred taxes are measured at the income tax rate expected to be applicable at the date of the realisation of the differences. The deferred taxes of the current year and future deferred taxes were measured at an average tax rate of 32.275% and at the tax rates applicable in the USA and Great Britain.
Deferred tax assets from deductible temporary differences and tax loss carryforwards are recognized only to the extent that it is probable that sufficient taxable income will be realized for their utilisation.
Contingent liabilities are defined as possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. They are also defined as present obligations which result from past events. In the case of such obligations, however, it is not probable than an outflow of resources will be required and that the amount of the obligation cannot be measured with sufficient reliability. Under IAS 37 ('Provisions, Contingent Liabilities and Contingent Assets') such obligations are not recognized in the balance sheet, but they are disclosed in the notes.

Segment reporting
Segments are distinguishable components of an enterprise that are either engaged in providing specific products or services (business segments) or operate within a particular economic environment (geographical segments) and are subject to risks and returns that are different from those of other business segments.
The Group exclusively develops and distributes document management and archiving products and renders software maintenance and other services related to this. Due to the homogenous business activity and the scope of business the data in the consolidated financial statements can only be segmented with regard to secondary segment information and are presented following the notes to the balance sheet and income statement.

Risk reserve
We allow for the specific risks involved in our business through the recognition of individual value adjustments. Regarding new customers we usually obtain information about their credit standing to assess the credit risk. The results of these analyses are considered when entering into new business relations. The maximum amount of credit risk equals the amount of the receivables recognized.
Fixed interest loans are agreed to cover interest risks.
Foreign currency risks are kept at the lowest possible level.
The high amount of prepayments received under software service contracts at the end of the year guarantees sufficient liquidity during the year. Consequently, financing will generally be realized from the company's own funds, apart from the loan liabilities of EASY SOFTWARE (UK) PLC. After the planned takeover and repayment of the loan liabilities of EASY SOFTWARE (UK) PLC by EASY SOFTWARE AG new borrowings might become necessary for EASY SOFT-

WARE AG at the end of 2009, if the current income from new customers will not involve the inflow of a sufficient amount of liquid funds.

Estimates made in applying accounting policies

The preparation of consolidated financial statements requires estimates and assumptions to be made with regard to several items which impact on the assets, liabilities and contingent liabilities recognized as of the respective balance sheet date as well as income and expenses of the reporting period. The actual amounts may differ from these estimates.

Assumptions and estimates are based on information currently available. Particularly factors, such as the circumstances existing at the date of the preparation of the consolidated financial statements and the future development assumed to be realistic in respect of the global and sector-related environment, were taken as a basis for the expected future trend of business. As developments occurring beyond the control of the management may differ from the assumptions, the actual amounts may deviate from those originally estimated. Should the actual situation differ from the expected development, the information concerned and, where required, the carrying amounts of the assets and liabilities involved will be adjusted accordingly.

The Management Board has made use of accounting policy options. Concerning the option with regard to the recognition of actuarial gains and losses the company has decided to recognize such gains or losses in net profit or loss in the year they have accrued. If the company chose another method of recognition this would possibly significantly influence other receivables and personnel expenses.

As of the balance sheet date the Management Board made the following future-related assumptions and identified material sources of margins of error which can result in a risk that assets and liabilities disclosed are required to be significantly adjusted within the financial year to come.

Other receivables / pension provision: The pension obligation is measured based upon a method using various parameters, such as the expected discount percentage, index-linked salary and pension increases and return on plan assets. If the development of these parameters significantly deviates from expectations this could materially impact on the pension obligation and thus on other receivables due to offsetting against plan assets.

Impairment: The carrying amount of goodwill, other intangible assets and property, plant and equipment is generally examined on the basis of discounted cash flows from the continued use and the disposal of fixed assets. Factors such as revenues falling below expectations and lower net cash flows resulting from this, but also changes in discount percentages, can lead to impairment.

Further estimates and assumptions especially relate to the assessment of the carrying amount of deferred tax assets on tax loss carryforwards and the measurement of other provisions.

NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

Intangible assets

The breakdown and development of intangible assets as of December 31, 2008 is presented in the table below:

in € thousand	Software development costs	Goodwill	Other	Total
Cost values				
Balance as of January 1, 2008	19,963	1,008	6,308	27,279
Additions	2,347	128	147	2,622
Disposals	0	0	1,367	1,367
Balances as of December 31, 2008	22,310	1,136	5,088	28,534
Accumulated amortisation				
Balance as of January 1, 2008	18,464	53	3,006	21,523
Additions	1,785	0	340	2,125
Disposals	0	0	0	0
Balance as of December 31, 2008	20,249	53	3,346	23,648
Amortised costs	2,061	1,083	1,742	4,886

In the prior year intangible assets developed as follows:

in € thousand	Software development costs	Goodwill	Other	Total
Cost values				
Balance as of January 1, 2007	18,474	938	3,884	23,296
Additions	1,489	198	2,424	4,111
Disposals	0	128	0	128
December 31, 2007	19,963	1,008	6,308	27,279
Accumulated amortisation				
Balance as of January 1, 2007	17,055	53	2,785	19,893
Additions	1,409	0	221	1,630
Disposals	0	0	0	0
Balance as of December 31, 2007	18,464	53	3,006	21,523
Amortised costs	1,499	955	3,302	5,756

1. Software development costs

Software development costs were capitalized as intangible assets in accordance with IAS 38 for products where it is probable that the expected future economic benefits will cover the development costs accrued in full. The capitalized software development costs include personnel costs for employees involved in the software development including the employer's social security contributions as well as directly attributable overheads and external development cost. Software development costs are amortized over the expected product life of three years using the straight-line method. Based on our financial budgets and forecasts on the future development of the IT market, we estimate that the value in use of the software development costs will at least equal the carrying amount as of December 31, 2008.

2. Goodwill

Goodwill from the consolidation of investments in subsidiaries was determined on the basis of the provisions in IFRS 3 at the date of initial consolidation.

Under the provision of IFRS 3 related to IAS 36 goodwill is examined as to impairment once a year (impairment test). In this test, the carrying amount is compared to the recoverable amount. The recoverable amount is calculated as the higher amount of the value in use or the fair value less cost to sell which is determined as present value of future cash flows. The expected cash flows are based on a qualified planning process, using prior years' internal data and economic key data externally collected. The detailed planning period generally comprises three years. The discount rate calculated is 9.5%.

No revaluation was required in 2008.

Under IFRS 3.79 (b) amortisation on goodwill accumulated until December 31, 2004 was eliminated with the cost values as of January 1, 2005.

The addition relates to the 24% shareholding acquired in EASY SOFTWARE (UK) PLC., Great Britain.

3. Other intangible assets

This item includes mainly licenses and customer bases.

Other intangible assets were recognized at cost, less scheduled amortisation. They have also been tested for impairment. The impairment test was based on the planned operating results from realisable revenues. Taking into account a long-term interest rate and an adequate risk surcharge, the company determined a hypothetical purchase price and market price respectively as the recoverable amount for the customer base. In this case the test did not result in revaluation requirements.

4. Property, plant and equipment

The breakdown of property, plant and equipment is presented below:

in € thousand	**Furniture and fixtures and office equipment**
Cost values	
Balance as of January 1, 2008	3,181
Additions	244
Disposals	0
Change in scope of consolidation	0
Currency effects	0
Balance as of December 31, 2008	3,425
Accumulated depreciation	
Balance as of January 1, 2008	2,402
Additions	356
Disposals	0
Currency effects	14
Balance as of December 31, 2008	2,772
Amortised cost	653

In the prior year, property, plant and equipment developed as follows:

in € thousand	**Furniture and fixtures and office equipment**
Cost values	
Balance as of January 1, 2008	**2,855**
Additions	**351**
Disposals	**23**
Change in scope of consolidation	**16**
Currency effect	**–18**
Balance as of December 31, 2008	**3,181**
Accumulated depreciation	
Balance as of January 1, 2007	**2,041**
Additions	**397**
Disposals	**23**
Currency effect	**–13**
Balance as of December 31, 2007	**2,402**
Amortised cost	**779**

Furniture and fixtures and office equipment were recognized at cost reduced by scheduled depreciation. Assets to be recognized as property, plant and equipment in accordance with IAS 17 and acquired by way of finance lease do not exist.

5. Deferred tax assets

Deferred tax assets recognised affect the following items.

in € thousand	**12/31/2008**	12/31/2007
Pension provisions	**35**	51
Loss carryforwards	**3,394**	3,186
	3,429	3,237

The determination of deferred tax assets on loss carryforwards was based on a forecast period of five years for the financial year 2008. In view of the future investments made by EASY SOFTWARE AG, Mülheim/Ruhr in the financial year 2008 we assume – also against the background of the current forecasts of all group companies – a further improvement of the results of operations.
The changes (-€39 thousand) in the year under review relate to the expense from the reduction of the tax rate.
The tax rates for the determination of deferred tax assets in Germany and abroad are adjusted to the legal rules applicable at the respective balance sheet date.

6. Inventories

The breakdown of inventories is as follows:

in € thousand	**12/31/2008**	12/31/2007
Product licenses	**182**	138
Merchandise	**3**	5
	185	143

7. Trade receivables

In accordance with IAS 39 trade receivables are classified as "loans and receivables" and recognized at amortized cost. If there are doubts as to their collectability, customer receivables are stated at the lower present value of the estimated future cash flows.
Foreign currency amounts are translated into euros at the closing date rate. All current receivables are due within one year.

Gross amount before valuation allowance	*Of which neither reduced in value nor subject to valuation allowance at the closing date*	*Of wich not reduced in value and overdue within the following time spans as per closing date*			
in € thousand					
		Less than 10 days	Between 11 and 30 days	Between 31 days and 1 year	After more than one year
6,234	**5,087**	**2,676**	**385**	**1,896**	**130**

Valuation allowances increased by €493 thousand to €1,147 thousand in the reporting period. Amortized cost are equal to fair values.
Under IAS 11 ('Construction Contracts') contract revenues of €241 thousand were recognized in trade receivables due to projects not yet completed.
Contract revenues include contract costs of €155 thousand and profits of €86 thousand.

The company's credit risk is associated mainly with its operations. An unexpected loss in financial assets is considered to represent a credit risk, e.g. if customers are not able to meet their obligations within the agreed period. Accounts receivable are locally controlled on a permanent basis. Valuation allowances are recognized to take account of credit risks.
The carrying amounts of the financial assets recognized in the balance reflect the maximum credit risk. The EASY Group has established a credit management to react to any credit risks.

8. Other receivables

Other receivables mainly comprise prepaid expenses and a defined benefit asset.

Defined benefit asset

The defined benefit asset as per IAS 19 is recognized on the basis of liabilities to two former retired board members. These liabilities are defined benefit obligations linked to the years of service, where fixed amounts are granted to the eligible persons. The amount of the pension obligations before offsetting against plan assets is determined on the basis of actuarial methods in compliance with IAS 19 and corresponds to the defined benefit obligation (DBO).

Actuarial gains and losses are therefore recognized in the income statement in the year they were generated. The calculation was based on the following calculation parameters:

in %	**12/31/2008**	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Assumed rate of interest	**5.82**	4.00	4.00	4.00	4.50
Index-linked pension increase	**2.00**	1.00	1.00	1.00	1.00
Biometric probabilities	"Mortality tables 2005 G" b y Prof. Dr. Klaus Heubeck				"Mortality tables 1998" by Prof. Dr. Klaus Heubeck

Index-lined pension increases and the turnover level have not been considered, as the calculation above only covers retired eligible persons.

The defined benefit asset developed as follows:

in € thousand	**2008**	2007	2006	2005	2004
Present value of the obligation as of 1 January	**357**	364	352	306	272
Reversals/additions	**–7**	–7	12	46	34
Balance as of 31 December	**350**	357	364	352	306
Less					
Plan assets (pension plan reinsurance claims)	**378**	378	374	372	370
Net assets	**28**	21	10	20	64

Plan assets do not bear interest.

Reversals of/additions to the present value of the obligation break down as follows:

in € thousand	**2008**	2007	2006	2005	2004
Interest income/cost	**–7**	–7	12	14	14
Actuarial losses	**0**	0	0	32	20
Reversals/additions	**–7**	–7	12	46	34

Interest cost described above is included in the company's net interest. Pension obligations are covered by pension plan reinsurance taken out at the date of the pension commitments. The amount of the fair value of the pension plan reinsurance exceeding the defined benefit obligation is a refund claim of the company and has been disclosed under other receivables.

9. Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand to the amount of €2 thousand (prior year: €1 thousand) and bank balances (call deposits) to the amount of €2,624 thousand (prior year: €3,385 thousand).

10. Share capital and shares

The subscribed capital is €5,403,000.00 as of December 31, 2007 and is made up of 5,403,000 no-par-value bearer shares with a computed share of €1,00 each in the share capital. All shares grant the same rights.

The general meeting has authorised the Management Board to increase the company's share capital once or several times by up to €2,701,500.00 against cash or non-cash contributions (authorised capital).

The capital reserve stems from the issue of shares above par. Minority interests relate to the shareholder who holds 30% in the subscribed capital of the Austrian subsidiary EASY SOLUTIONS Archivierungs- und Informationssysteme GmbH.

11. Deferred tax liabilities

Deferred tax liabilities recognized relate to the following items:

in € thousand	**12/31/2008**	12/31/2007
Software development costs	**665**	605
Profits from contract revenues generated in projects not yet completed	**28**	0
	693	605

12. Provisions

Current provisions relate only to other commitments.

13. Financial liabilities

Financial liabilities are initially measured at their fair value at the balance sheet date (IAS 39.43). The carrying amounts equal the fair values This item includes exclusively short term liabilities to banks (Current account).

In the reporting period the liabilities were subject to interest rates varying between 4.18% and 11.25%. If the company drew down €2.3 million of its credit lines at the balance sheet date, an increase in the interest rate by 1 percentage point would result in interest of €23 thousand.

14. Trade payables

Trade payables relate to the company's operations and are recognized at amortized cost. The carrying amounts equal the fair values. The liabilities bear no interest.

15. Other current liabilities

Other current liabilities are recognized at amortized cost and relate to social security contributions (€20 thousand), advance payments received (€38 thousand), taxes (€392 thousand), other provisions (€647 thousand), deferred income (€703 thousand) and other liabilities (€3 thousand). The liabilities are not subject to interest. The carrying amount equals the fair value.

NOTES TO THE CONSOLIDATED INCOME STATEMENT (IFRS)

16. Revenues

The Group's revenues broken down by deliveries and services comprise:

in € thousand	**2008**	2007
Revenues		
Domestic	**18,224**	17,967
Abroad	**6,147**	5,186
	24,371	23,153
Revenues		
Software	**8,663**	8,658
Maintenance and services	**14,926**	13,746
Hardware and other	**782**	749
	24,371	23,153

17. Own work capitalized

Own work capitalized covers software development costs. They include direct personnel expenses and personnel overheads as well as costs of outside services.

18. Other operating income

Other operating income relates mainly to profits (€513 thousand) realized on the sale of fixed assets, costs passed on to third parties and attributable to the marketing division (€83 thousand), costs passed on to employees (€19 thousand), insurance compensations (€12 thousand), lease contracts (€6 thousand), the reduction in individual value adjustments (€6 thousand).

19. Cost of materials

The cost of materials consists of:

in € thousand	**2008**	2007
Cost of materials		
Software	**1,821**	1,562
Maintenance and services	**2,243**	1,826
Hardware and other	**740**	791
	4,804	4,179

20. Personnel expenses

Personnel expenses are specified as follows:

in € thousand	**2008**	2007
Salaries	**10,015**	8,966
Social security contributions	**1,678**	1,518
	11,693	10,484

21. Other operating expenses

Other operating expenses break down as follows:

in € thousand	**2008**	2007
Other operating expenses		
Rent and ancillary costs	**995**	924
Travel and entertainment expenses	**904**	768
Vehicle-related costs	**764**	696
Telephone charges and postage	**175**	261
Advertising and trade shows	**1,714**	1,682
Insurance premiums	**121**	161
External development	**957**	258
Legal and consulting fees	**427**	250
Selling commissions	**742**	410
Valuation allowances and bad debt losses	**493**	250
Other taxes	**52**	106
Other operating expenses, sundry other expenses	**894**	1,366
	8,238	7,132

22. Interest income/expense

Interest income is realized in connection with interest received from balances on current and fixed deposit accounts. Interest expense is incurred in connection with loan liabilities due to banks.

23. Taxes on income

Tax expenses include deferred taxes, corporate income and trade taxes of domestic companies and comparable income taxes of foreign companies, if applicable.
Deferred taxes developed as follows:

in € thousand	12/31/ 2007	Tax expense	Tax income	**12/31/ 2008**
Deferred tax assets	3,237	0	192	**3,429**
Deferred tax liabilities	–605	87	0	**–692**
Total deferred taxes	2,632	87	192	**2,736**
Plus				
Current tax expenses		76	0	
Total tax expenses / income		163	192	

Deferred taxes were calculated at the tax rate (32.275%) of EASY SOFTWARE AG, Mülheim/Ruhr. The loss carryforward not considered in the calculation of deferred tax assets is €15,276 thousand (prior year: €16,854 thousand).

Reconciliation from expected tax expense to actual tax expense:

in € thousand	**2008**	2007
Result before income tax	**143**	1,054
Anticipated income tax (EBT x 32.275%)	**46**	425
Difference due to change in tax rate	**–39**	0
Non-taxable income	**0**	–66
Expenses non-deductible for tax purposes	**141**	503
Differences due to foreign tax rates	**–12**	–16
Use of tax loss carryforwards	**0**	–649
Adjustments prior years (prior year refund claim)	**43**	–125
Deferred taxes on tax loss carryforwards	**–208**	–340
Actual tax expense	**–29**	–268

24. Net income for the financial year apportionable to the investor of EASY SOFTWARE AG and earnings per share

Net income for the financial year is €0.1 million (prior year: €1.3 million). Earnings per share for the individual periods are determined in compliance with IAS 33 by dividing the consolidated profit or loss by the number of outstanding shares.

		2008	2007
Consolidated profit or loss	€	**140,194**	1,302,185
Number of shares on an annual average	*Number*	**5,403,000**	5,403,000
Earnings per share	€	**0.03**	0.24

Diluted earnings per share could not be determined for the financial year.

25. Contingent liabilities

As of December 31, 2008, the following guarantees to be provided on request were existent:

in € thousand	**2008**	2007
Guarantees given in favor of EASY SOLUTIONS GmbH	**440**	400

26. Other financial commitments

Based on the total lives of the underlying contracts, other financial obligations break down as follows:

in € thousand	Up to 1 year	1 to 5 years	More than 5 years	Total
Rentals	781	831	0	1,612
Leasing	336	240	0	576
Software Maintenance	212	791	0	1,003
	1,329	1,862	0	3,191

CASH FLOW STATEMENT

27. Cash and cash equivalents

In accordance with IAS 7 ('Cash Flow Statement'), the cash flow statement presents the changes in cash and cash equivalents resulting from cash inflows and outflows during the reporting year.

The cash flow statement distinguishes between changes in cash flows from operating, investing and financing activities.

Cash and cash equivalents comprise:

in € thousand	**2008**	2007
Cash-in-hand	**2**	1
Bank balances	**2,624**	3,385
	2,626	3,386

SECONDARY SEGMENT REPORTING

Segment reporting has been prepared in accordance with IAS 14 ('Segment Reporting'). The segmentation is based on the internal control and reporting of the Group. Disclosures on the segments are made in the management report.

The total carrying value of the assets (€17,440 thousand) is apportionable – classified by the assets' geographical location, – to Germany (€12,417 thousand), Great Britain (€3,610 thousand), Singapore (€81 thousand), USA (€1,025 thousand) and Austria (€307 thousand).

The acquisition cost of property, plant and equipment and intangible assets, totalling €2,866 thousand, is apportionable, – classified by the assets' geographical location – to Germany (€2,717 thousand), UK (€140 thousand), Austria (€5 thousand), USA (€4 thousand), Singapore (€0 thousand).

Revenues total €24,371 thousand and are apportionable – classified by the customers' geographical location – to Germany (€18,224 thousand), UK (€1,903 thousand), Austria (€955 thousand), USA (€779 thousand), to the Asian Pacific Region (APAC) (€230 thousand) and to other foreign countries (€2,280 thousand).

28. Expenditure on research and development

In addition to the development costs of internally generated software, as shown in other tangible assets, the expenditure on research and development incurred during the reporting period was €698 thousand. This amount is included in the current expenses of the period.

OTHER DISCLOSURES

29. Disclosure based on section 1, para. 1 no. 8 of AktG (German Stock Corporation Act) related to section 21, para. 1 of WpHG (German Securities Trading Act)

In accordance with section 21, para. 1 of WpHG TFG Capital AG Unternehmensbeteiligungsgesellschaft Marl/Germany informed us on January 28, 2008 that its share of voting rights in EASY SOFTWARE AG, Am Hauptbahnhof 4, 45468 Mülheim/Ruhr, exceeded 5% on January 28, 2008 and was 5.919% at that date (this equals 319,800 voting rights).

Under sections 21, paras, 1, 22, para. 1, sentence 1, no. 6 of WpHG Universal-Investment-Gesellschaft mbH, Frankfurt/Main in Germany notified us on July 29, 2008 that its share of voting rights in EASY SOFTWARE AG, Am Hauptbahnhof 4, 45468 Mülheim/Ruhr in Germany fell below 3% on July 25, 2008. Since that date its share of voting rights has been 2.541% (this equals 137,287 voting rights), of which 2.541% (this equals 137,287 voting rights) is apportionable to Universal-Investment Gesellschaft mbH, as set out in section 22, para. 1, sentence 1 no. 6 of WpHG (special funds).

According to section 21, para. 1 of WpHG, Lupus alpha Investment S.A., Luxembourg notified us on November 26, 2008 that its share of voting rights in EASY SOFTWARE AG, Am Hauptbahnhof 4, 45468 Mülheim/Ruhr in Germany fell below the 5% threshold on November 24, 2008. Since that date the share of voting rights has been 4.997% (public shareholders; this equals 270,000 voting rights).

30. Related party disclosures/notification under section 21 of WpHG

According to section 21 of the valid statutes the members of the Supervisory Board receive remuneration of €2,250.00 in addition to the reimbursement of their expenses. The chairman receives twice and the deputy one and a half as much. Profit-related remuneration components have not been paid. Consequently, total remuneration paid to the Supervisory Board in 2008 amounted to €10 thousand (prior year: €10 thousand).

Remuneration of the Management Board is composed of a non-profit-related and a profit-related component. The non-profit-related portion consists of a fixed sum being paid as monthly base salary and of an amount of remuneration in kind to be recognized in accordance with fiscal regulations. The profit-related portion consists of a management bonus. Other variable remuneration components such as share options were not agreed upon.

In the year under review three persons were appointed to be members of the Management Board in accordance with the regulations of sections 84 and 85 of AktG. The total remuneration of the Management Board was €419 thousand (prior year: €368 thousand). For the period from January 1, to April 30, 2008 Mr. Josef Gemeri (chairman of the Management Board) received a fixed amount of €54 thousand (consisting of a fixed salary and remuneration in kind) and variable remuneration components (€154 thousand). For the period from October 15, to December 31, 2008, Mr. Gereon Neuhaus (chairman of the Management Board) received a fixed amount of €52 thousand (consisting of a fixed salary and remuneration in kind) and variable remuneration components of €16 thousand. For the financial year 2008, Mr. Andreas C. Nowottka received a fixed amount of €128 thousand (consisting of a fixed salary and remuneration in kind) and variable remuneration components of €15 thousand.

There have been no loan contracts with members of the Supervisory Board and the Management Board.

EASY SOFTWARE AG has concluded service contracts with companies of the business group owned by the chairman of the Supervisory Board, Manfred A. Wagner, covering the performance of administrative services being settled on normal conditions. In 2008 these services were remunerated at €245 thousand (prior year: €66 thousand). Manfred A. Wagner holds 26.84% of the shares in the company's share capital.

As of December 31, 2008 the shareholdings of members of the Management Board and Supervisory Board are made up as follows:

	Number	%
Management Board		
Gereon Neuhaus	69,266	1.28
Andreas C. Nowottka	0	0.00
Supervisory Board		
Prof. Dr.-Ing. habil. Helmut Balzert	500	0.01
René Scheer	0	0.00
Manfred A. Wagner	1,450,314	26.84

Other material related party transactions required to be reported have not occurred in the financial year.

EXECUTIVE BODIES

Management Board
Josef Gemeri (chairman) until April 8, 2008,
Gereon Neuhaus (chairman) as of October 15, 2008
Andreas C. Nowottka
They are members of the Management Board on a full-time basis.

Supervisory Board
Manfred A. Wagner
Entrepreneur, Oberhausen
– chairman –

Gereon Neuhaus
Member of the Management Board of Aareon AG, Mainz
– vice-chairman –
until October 14, 2008

Andreas Kerbusk
Managing director of SE Strategies&Engineering GmbH, Bochum
until October 8, 2008

Prof. Dr.-Ing. habil. Helmut Balzert
Holder of the chair of software technology at the Ruhr-University of Bochum
Managing director of W3L GmbH, Witten
as of December 17, 2008

René Scheer
Sole member of the Management Board of ComNetMedia AG, Dortmund
as of December 17, 2008

Mr. Manfred A. Wagner holds further Supervisory Board seats in mcn tele.com AG, Bad Homburg, and PB Lebensversicherung AG, Hilden.
Prof. Dr.-Ing. habil. Helmut Balzert holds further Supervisory Board seats in otris Software AG, Dortmund (chairman) and in Schleupen AG, Moers.
Mr. René Scheer holds further Supervisory Board seats in BIG – Die Direktkrankenkasse, Berlin (alternating chairman of the administrative council) and in Westfalen-Informatik AG, Dortmund.

32. Cost of audit of financial statements (disclosures as per section 314, para. 1, no. 9 of HGB)
Costs for audits of separate and consolidated financial statements were €82 thousand and those incurred for audit-related advisory services amounted to €8 thousand. The auditor did not perform any other activities.

33. Employees
The average number of persons employed by the Group was 169 (prior year: 154) in the financial year 2008.

34. Events after the balance sheet date
Significant events after the balance sheet date which would be material for the assessment of the Group's net assets, financial position and results of operations have not occurred. On March 13, 2008 the Management Board of EASY SOFTWARE AG released the consolidated financial statements and the group management report for submission to the Supervisory Board. The Supervisory Board is required to examine such documents and to state whether it approves them.

35. Declaration of compliance as per section 161 of German Stock Corporation Act (AktG)
The declaration of compliance with the Corporate Governance Codex including any deviations, as required in section 161 AktG, has been made available to the shareholders on a permanent basis on our Website.

Mülheim an der Ruhr, March 26, 2009

Gereon Neuhaus

Andreas C. Nowottka

Auditor's report

We have audited the consolidated financial statements prepared by EASY SOFTWARE AG, Mülheim an der Ruhr comprising the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the group management report for the financial year from January 1, 2008 to December 31, 2008. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the EU, and with the additional requirements of the German commercial law pursuant to § 315a para 1 HGB (German Commercial Code) are the responsibility of the parent 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 § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW, Institute of Public Auditors in Germany). 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 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 IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a para 1 HGB (and supplementary provisions of the shareholder agreement/statutes) 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 of future development.

Cologne, March 26, 2009

KPMG AG Wirtschaftsprüfungsgesellschaft
(formerly: KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft)

Stollenwerk	**Pollmann**
Wirtschaftsprüferin	Wirtschaftsprüfer

Report of the Supervisory Board

In the financial year 2008, the Supervisory Board discharged its duties incumbent on it under the law and the statutes. We supervised the activity of the Management Board and supported it in an advisory function. In four joint meetings as well as supplementary individual discussions, the Management Board informed the board in detail about corporate policy, corporate planning including financial, investment and personnel planning, and the business trend. No committees were appointed. Any business transactions requiring approval were examined, discussed and authorized by the Supervisory Board. Essentially, these included

- Repurchasing 24 % of the shares in EASY SOFTWARE (UK) PLC.,
- Appointing Mr. Gereon Neuhaus as the new CEO of the Management Board of EASY SOFTWARE AG,
- Assuming the borrowings of EASY SOFTWARE (UK) PLC. from German banks amounting to €2.3 million
- Selling the archive software PROXESS, including the customer base, to Akzentum GmbH.

The company's economic situation, strategic orientation and prospective trends were the subject matter of these routine deliberations.

The Supervisory Board underwent the following internal changes: Effective October 8, 2008, Mr. Andreas Kerbusk resigned his membership for personal reasons. Due to his appointment as CEO as of October 14, 2008, Mr. Gereon Neuhaus resigned his membership. In place of the resigned members, the District Court of Duisburg appointed Prof. Dr. Helmut Balzer and Mr. René Scheer as members of the Supervisory Board at the suggestion of the chairman of the Supervisory Board and due to their special qualification.

The accounting system, the annual statement of EASY SOFTWARE AG, the consolidated statement (IFRS) and the status report were audited by the auditing firm KPMG AG Wirtschaftsprüfungsgesellschaft (former KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft), which was chosen as auditor at the shareholder's meeting, and received an unqualified audit certificate. The annual statement and the status report as well as the auditor's report were submitted to all members of the Supervisory Board. In the meeting to approve the balance sheet, these documents were discussed in detail following the auditor's report, and in the auditor's presence. We have examined the annual statement, the consolidated financial statement, and the status report. No objections were raised. We agree with the result of the final audit. The consolidated financial statement and the annual statement compiled by the Management Board have therefore been accepted and ascertained.

Mülheim an der Ruhr, April 2009

For the Supervisory Board

Manfred A. Wagner

We save time.

For more information on EASY SOFTWARE AG in excess of the annual report, we recommend that you visit our Website www.easy.de, where you will find press releases, news about the company and an investor relations area providing detailed information about the EASY stock. This includes an info service offering you the option to receive regular information.

This annual report includes future oriented, forecasts. These are based on sound assumptions and estimates by EASY SOFTWARE AG, and are realistic from the current point of view. There can be no guarantee, however, that these statements will turn out to be true in the future. Since the underlying expectations are influenced by risks and uncertainties, the actual results may differ from the forecasts. EASY SOFTWARE AG disclaims all liability for updating these forecasts.

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