



Annual Report 2009
InVision Software AG

Overview



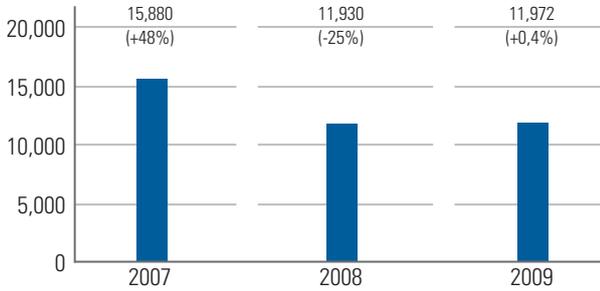
InVision Software at a glance

In 1995 InVision Software was formed with a mission to provide every company with the best possible solution to its workforce management issues. InVision has never lost sight of this goal and has since become one of the global leaders in workforce management solutions and frequently sets technological trends in this field.

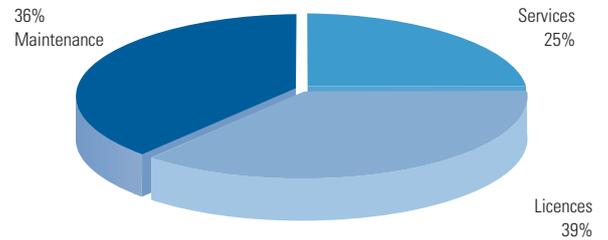
By using the InVision Software Group's products, the Group's international customers are able to optimise their staff deployment and increase productivity. At the same time, they can reduce planning and administrative costs and significantly improve employee motivation. Thus, investments made in workforce management solutions as a rule can be amortised within a few months, thereby yielding an impressive return on investment.

Financial Summary

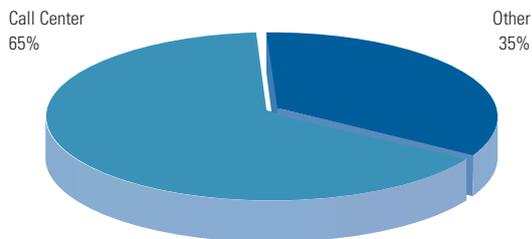
Revenue development 2007-2009 (TEUR)



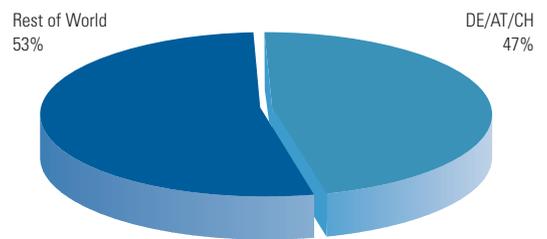
Revenue distribution 2009 (licences, maintenance, services)



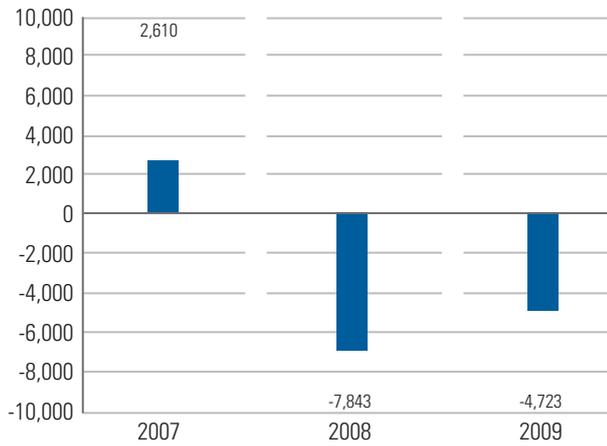
Revenue distribution 2009 (by customer segment)



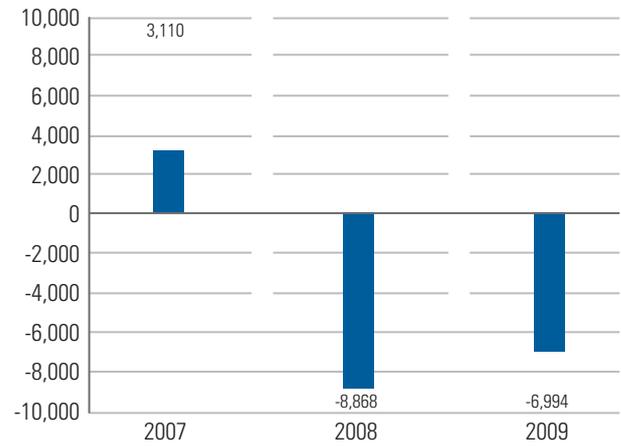
Revenue distribution 2009 (by region)



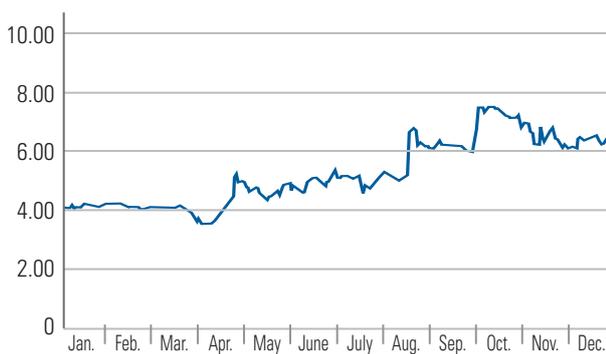
Net profit development 2007-2009 (TEUR)



EBIT development 2007-2009 (TEUR)



Share price development 2009 (XETRA)



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Foreword of the Executive Board



Peter Bollenbeck, CEO

"The proven cost-cutting effects of our solutions and short amortisation periods allow us to offer our customers enormous added value, which is particularly important during weak economic times."

Peter Bollenbeck (*1973) is a founding shareholder of the Company and, as Executive Board Chairman, is responsible for strategy, sales, professional services and finances. He has been a member of the Executive Board or the managing directorship since the formation of InVision in 1995 and has been appointed to serve in this office until 19 February 2012.



Matthias Schroer, CTO

"We are a global trendsetter in technology and are constantly expanding our technological position."

Matthias Schroer (*1967) is a founding shareholder of the Company and is responsible for research, development and IT. He has been a member of the Executive Board or the managing directorship since the formation of InVision in 1995 and has been appointed to serve in this office until 19 February 2012.

Dear shareholders,
customers, business partners and
fellow employees,

After our long-term growth trend (with average growth rates exceeding 30 percent) abruptly ended in 2008, we devoted fiscal year 2009 to stabilising our revenue base and returning to sustainable profitability. This development did not occur easily since we had at first underestimated the impact of the financial market crisis in 2008 and had accordingly expanded our business activity considerably – and hence our fixed cost structure – in the expectation that our growth would remain strong. At the same time, we had begun to strengthen our sales effort in new market segments and had thereby magnified our dependency on new customer business. Although the special benefits of our products and solutions are sufficiently known in our main markets – particularly among our existing customers – the sales efforts in emerging markets, specifically in new customer business, represent a true challenge during times of crisis.

In 2009, we resolutely took the action necessary to address the crisis doing so with a sense of proportion while also endeavouring, to preserve the sales potential relevant to us. We have since largely completed those measures, and the first results are now beginning to emerge there. We have reduced our cost base from about EUR 20 million to approximately EUR 15 million, without having thereby surrendered significant markets or compromised the long-term capabilities of the Group. Our sales efforts have focused on markets, which show short-term growth potential even under the current situation, yet we have also not ignored any long-term potential. As early as 2009, we were able therefore to increase our licence revenues by 39 percent. The revenues generated with call center customers rose by 13 percent. Moreover, the revenue growth in non-German speaking countries was 41 percent. From what we have seen, such growth rates are a true exception both in Germany and around the world and therefore serve to impressively document the potential of our business model.

Unlike many other companies, we did not need to turn to debt financing for all of the measures undertaken, but could instead rely on our solid equity and balance sheet structure. This financial position has allowed us to remain flexible and independent. Thanks to our excellent equity capital ratio in the Group, which was 67 percent as of 31 December 2009, this flexibility and independence will not change in 2010.

Our sound strategic position has remained unchanged. Nowhere in the world are there any other suppliers of inter-departmental workforce management solutions that enjoy comparable international market coverage through their own network of subsidiaries in Europe, North America and Africa. In this respect, we were and continue to be strategically positioned for long-term corporate success. Our liquidity and equity capital structure give us the ability to strongly and resolutely implement our strategy. We also afford our customers a high degree of investment security since we do not depend on debt capital to finance our operations.

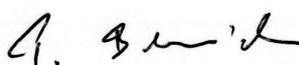
Despite the weak economic environment, it was important for us to expand our technological competence in 2009. We have continued our extensive research and development efforts during the past year at a high level by investing more than EUR 5 million. This effort has improved our ability to deliver innovative products that create value and that have been proven to lower costs.

Another important feature of InVision Software is its stable shareholder structure which is geared towards long-term growth of shareholder value. The founding shareholders increased their ownership stake even more during this last year. They now hold 74% of the Company's shares and plan to remain invested at this level for many years to come. This ownership structure will also help InVision develop strongly among the international competition.

We are confident about 2010 and according to our budget planning, will once again return to profitability after two years of losses. In this respect, it has now become clear that the trend, which already began in 2009 with revenue increases in the licence, foreign and call center business, will very likely be validated on a broad basis.

We would like to take this opportunity to thank you, our dear shareholders, for giving us your trust during this past year. We would also like to extend our thanks to our customers and to all employees, who have contributed their valuable work to ensure that InVision Software can look into the future with a sense of optimism.

Best regards



Peter Bollenbeck
Executive Board chairman



Matthias Schroer
Executive Board member

The Business



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Overview

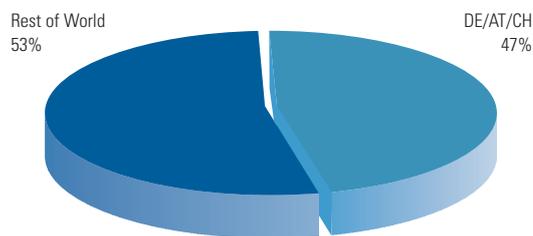


Since its founding in 1995, InVision Software's mission has been to offer every organisation the best possible workforce management solution. Every day, about 200 specialists from over 15 countries help our customers gain competitive advantages by optimising their staffing requirements. This commitment – combined with in-depth technical and industry-specific expertise and technological know-how – forms the basis for a long-term success story. InVision now numbers amongst the leading providers of workforce management solutions worldwide and sets technological trends in the industry.

InVision has a clear focus, and concentrates exclusively on businesswide and corporate group-wide workforce management, with the main emphasis on optimising staff deployment. As a result, the company has succeeded in amassing invaluable expertise over the course of the past 15 years. That expertise is reflected in the algorithms used in our products. This ensures that we take a "best practice" approach to a whole range of issues.

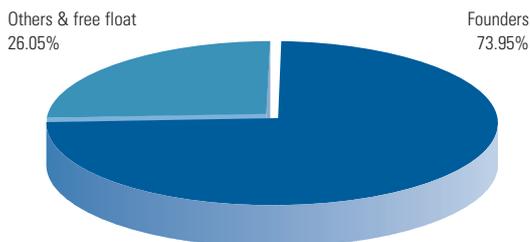
InVision is an international software solutions provider with European roots. We have fully-owned subsidiaries for distribution and consulting in Europe, the United States and South Africa, and are able to use our own resources to carry out pan-European and international projects. A host of international references underscore the multi-faceted utility of our products. 53 percent of our sales nowadays come from non-German-speaking countries.

Revenue distribution 2009 (by region)



The founders of InVision continue to hold a majority of the investments in the business and are pursuing long-term and sustainable development of the Group. Thus, we are able to make use of, and shape, the longer-term trends in workforce management, largely without being affected by short-term factors and fashions.

Shareholder structure



<p>Europe Germany Ratingen, Leipzig, Hamburg, Munich Estonia Tallinn France Paris Italy Milan Netherlands Arnhem Austria Vienna Sweden Stockholm Switzerland Zurich, Baar Spain Madrid UK Londonderry, London, Birmingham</p> <p>North America United States Lisle Atlanta Boston Dallas San Francisco</p> <p>South Africa Cape Town</p>	
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Markets & Strategy



Our objective is to maintain our position as one of the leading international providers in the market for workforce management software and to set the standard in the field of workforce management.

The key elements of our sales strategy include effective penetration of international markets, successive diversification of our target markets and geographic areas of application for our workforce management solutions and continuing advancement and development of our range of products in order to build upon our existing technological strengths. In addition, we feel that targeted acquisitions of companies and holdings in companies can be an appropriate means of implementing our strategy.

Internationalisation

Since 1999, we have continued the international expansion of our business by successively forming additional foreign subsidiaries and forging sales partnerships abroad. In addition to its headquarters in Germany, the Company has since set up sales and service companies in France, Italy, Spain, Sweden, the United Kingdom, Estonia, Austria, Switzerland, the Netherlands as well as in the United States and in South Africa. In recent years, we have focused our activities primarily on building up local sales and consulting teams, gaining experience in local markets, and successfully acquiring local prestige customers. To expand our business, we intend to continue aggressively penetrating local markets and expanding our local market presence by selectively hiring personnel, expanding our sales agent network and increasing our sales and marketing activities.

Since 2004, we have directed our sales and marketing activities to soliciting pan-European and large international customers in order to be better able to exploit our position as an internationally active provider. In this respect, we benefit from the fact that our software can be deployed across borders and can take into account complex cultural conditions and legal environments in the context of staff scheduling optimisation. In this way, the software may be deployed internationally without an immediate need to make complex adjustments to the software in order to adapt to the specific local environment.

Sector diversification

A general principle of successfully deploying workforce management solutions and, in particular, software-based solutions for highly complex staff scheduling optimisation is that it is not limited to certain industry sectors or companies, to the extent that a larger number of employees are intended to be scheduled. However, the demand for workforce management solutions is highly dependent on whether the (legal) environment in the specific sector or in the specific area of application favours the use of workforce management solutions. The factors that favour the deployment of workforce management solutions include, among other things, the legal and practical abilities to undertake flexible employee scheduling, long business hours and hours of operation, high quality of services sought by the user, the desire to increase efficiency potential, and heightened competition for qualified personnel. Because these factors weigh differently in the various countries and in the various sectors, there are currently substantial differences between the individual countries and sectors with respect to the opportunities for broadbased deployment of workforce management systems. In Germany and continental Europe, workforce management systems are currently used primarily by companies that operate call centres (or call centre departments). Additionally, workforce management systems are also being used by retail companies to optimise staff schedules in the context of operating their individual stores, as well as by airport operators and airlines in connection

with staff schedule optimisation of ground personnel. In the United States and the United Kingdom, the use of workforce management systems is more wide-spread than in Germany and continental Europe due to a more favourable legal and cultural environment, so that workforce management systems in the above-referenced applications and, above all, in retail, are used to a much greater degree than in Germany and continental Europe. Moreover, other sectors in the US and UK already use workforce management systems. In an effort to achieve early identification and exploitation of other sales potentials, we are closely monitoring the industries and areas of application, which have not used workforce management to-date or which do so on a very limited basis.

Technology

In the development of our product base, we have carefully focused, and will continue to carefully focus, on ensuring that the developed software solutions for staff scheduling and optimisation can be deployed in various sectors and in various areas of application. We intend in future to offer more special programme versions on this basis that are tailored to the special requirements of individual sectors. These include mapping sector-specific processes in order to thereby strengthen the Company's competitiveness in certain market segments.

InVision also invests in the further development of algorithms to resolve highly complex optimisation problems within workforce management, in an effort to further extend its strong position in this area. In this manner, the Company intends to effectively raise the barriers to market entry for other potential competitors so as to provide effective limits on the competitive field.

Corporate acquisitions and equity investments

To support our strategy, we are considering acquisitions of companies or company divisions with the objective of acquiring promising, complementary technology and expanding our own customer base. Furthermore, acquisitions are also intended to strengthen sales and service capacities.

Products & Solutions



Simple as abc: Getting the right employees in the right place at the right time

Our overriding objective is to ensure that our customers always have the right employees in the right place at the right time – with a minimum of effort.

How do we achieve that? It's as simple as abc: with InVision Enterprise WFM. This software represents the combination of an impressive concept, years of experience and state of the art technology, and presents these features in an easy-to-use user-interface.

InVision Enterprise WFM is suitable for companies of all sizes. From small companies with fewer than 100 employees to international corporations with a workforce of several hundred thousand, the system can be used flexibly and, where necessary, expanded. Thanks to its modular structure, InVision Enterprise WFM can be used for individual aspects of workforce management or to provide an integrated representation of all of the processes involved.

What is workforce management?

Workforce management is all about assigning the right employees with the right skills to the right job at the right time. Although that might initially sound simple, in practice it represents a complex business challenge. Countless factors come into play when you're trying to make the right decisions. And alt-

hough many companies use software such as ERP, CRM or HR management for organising different processes, in the staff scheduling context they often resort to pen-and-paper or unsuitable stand-alone solutions such as spreadsheets or timekeeping. The consequences are often disastrous, and can include expensive overtime pay, unproductive idle periods, high rates of staff turnover, poor customer service and untapped revenue potential.

That's where workforce management comes into play. Because it optimises, standardises and automates staff planning, this system is rigorously needs-oriented.

Workforce management provides the adequate components:

- Requirement forecasts – so you know how many employees with which skills you will need in the future.
- Work schedule planning – so that you have exactly the right employees to meet your needs.
- Time management – so that you can accurately calculate your employees' timekeeping accounts.
- Analysis & monitoring – so that you can see whether your results match your targets and take quick and effective action if deviations occur.

Workforce management can be put into practice in virtually any department of the enterprise. It leads to tangible benefits and an impressive return on investment.

Why optimisation?

Everyone who has ever set up a staff schedule knows that a planner has to take a whole range of different factors into account. In addition to the mandatory statutory rules and those imposed by collective bargaining or individual employment agreements, there are usually strong preferences and constraints of staff to be taken into account, a certain number of staff skills as well as other requirements such as carpools, the need to consider timekeeping accounts or possible budget restrictions.

It is not enough for schedules to comply with the rules. The plan also has to match your staffing needs as optimal as possible. After all, if the company schedules too many employees, the costs will be too high. But if it schedules too few, it may not be able to serve its customers or operate its equipment.

Setting up staff schedules is a 'combination' problem. In a nutshell, the right combination of employees, work times and tasks has to be found, the rules have to be adhered to, and staffing requirements have to be covered in the best possible way – optimally, in other words.

But how many combinations are there, anyway?

Let's assume that a total of 25 employees have to be planned for a single task on five days of a single week. The employees can start their work day at 8.00 am, 9.00 am, or 10.00 am. Thus, there are 3 to the 25th, or 847,288,609,443 possible combinations. In other words, there are more than 847 billion different ways of combining these employees' working times during the day. One or more of these 847 billion possible plans will optimally meet your needs.

Let's assume that these 25 employees are to have more flexible work schedules, and can therefore start their work day between 8.00 am and 10.00 am at 15-minute intervals and work either 4, 5, 6, 7 or 8 hours a day, in which case the number of permutations increases to 45 to the 25th. Checking to see whether 3 to the 25th plans conform to the rules and optimally cover staffing needs already sounds like a lot of work – but manually processing 45 to the 25th plans is scarcely imaginable within a finite period of time.

Let's look now at a scenario in which the working times of 500 employees doing ten different tasks (including breaks) have to be planned for one month. And let's assume that the working times start at 15-minute intervals between 8.00 am and 4.00 pm and last between 4 and 8 hours in 15-minute increments. Let's also assume that each employee can perform a sequence of up to five different tasks every day. In that scenario, the number of possible combinations increases to 33,126,489 to the 500th (a number with 3,760 digits) – even before we've planned in a single flexible break.

A task with that many potential solutions is, in mathematical terms, relegated to the NP-hard or NP-complete complexity classes. Only professional workforce management systems with the capacity to perform automated optimisation are capable of producing optimal plans under these conditions.

InVision Enterprise WFM finds the best solution, quickly and easily, and in a way that is tailored to the individual needs of our customers.

Services

The introduction of a workforce management solution requires a perfectly co-ordinated mix of consulting, implementation, training and operations, in order for the rollout to be a success.

InVision has been successfully implementing workforce management systems since 1995, working hand in hand with its customers. Over that period, we have continuously refined the process of installation, commissioning and training. InVision's AIM (Application Implementation Methodology), combined with our consultants' many years of extensive practical experience, guarantee the quality, timeliness and cost-effectiveness of our services.

Therefore, what we do is to offer at every phase of the project precisely those services that maximise the utility of our customers' investment. Customers may obtain these services either directly from us as the manufacturer or from our certified consulting and implementation partners.

Services at a glance:

- Consulting
- Project management
- Implementation
- Development
- Training
- Hosting
- Planning services
- Service desk
- Customer portal

Research & Development

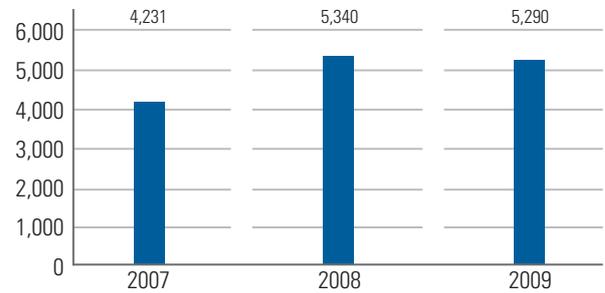


The key features of our products are their special capability of solving highly complex optimisation problems, the accuracy of their projection algorithms, their broad functional coverage and their high processing speed (real time processing) even where there is a high volume of data. Moreover, customer-specific demands can be effectively accommodated by software updates and upgrades.

For us, the continued improvement of our software and our development of new components in order to meet market needs are key competitive factors. We therefore are constantly investing in the development of our product lines for our company-wide workforce management programme, InVision Enterprise WFM. Totalling TEUR 5,290, our expenditures on R&D during 2009 almost remained constant (previous year TEUR 5,340). At 44 per cent, our R&D expenditures consume an unusually high share of our revenues, relative to the rest of the software sector. Here again, we have documented our intense focus on customer utility.

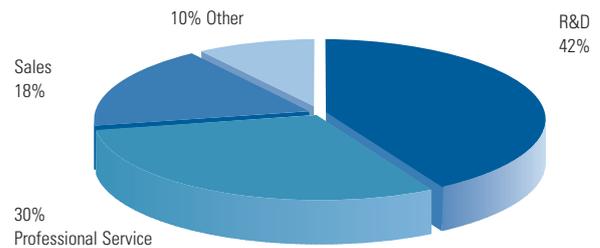
We are an international business. And our software development activities are distributed across four international locations, as well: Ratingen and Leipzig (Germany), Londonderry (Northern Ireland) and Tallinn (Estonia).

R&D expenditures 2007-2009 (TEUR)
(in TEUR)



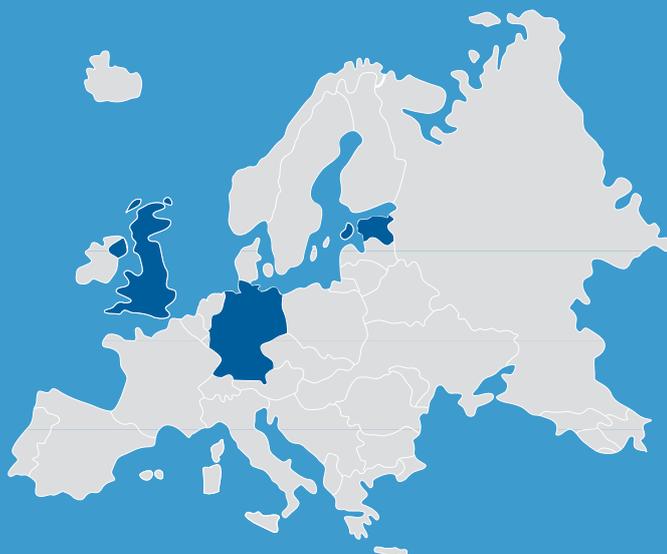
As of 31 December 2009, there was a total of 86 employees working in Research and Development. This means that 42 per cent of our total staff work in R&D.

Employee distribution 2009 (by division)



European Development Sites

- Ratingen (Germany)
- Leipzig (Germany)
- Londonderry (Northern Ireland)
- Tallinn (Estonia)



Employees



We are a technological enterprise focusing on growth, and our employees are by far the most important factor in our success. We therefore rely on our ability to recruit the best and brightest at our national and international locations in order to successfully grow our business.

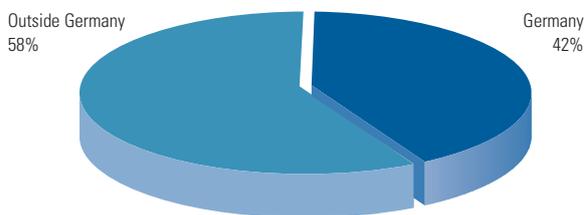
Internationality

Our employees come from more than 15 countries, and thus they bring to the table a wide range of perspectives for dealing with problems. More than half of the staff on payroll with us is employed at our foreign subsidiaries – this, too, is an expression of just how international we are.

Responsibility, management & career development

Each employee bears responsibility and has the skills and expertise he or she needs to do so. Our management structure is defined and communicated in a clear way. We expect good job performance from each individual employee, and evaluate them pursuant to a uniform, group-wide structured procedure which minimises arbitrary assessments. Beginning from this starting point, we develop employees' skills individually and thus facilitate each individual employee's personal and professional development.

Employee distribution 2009 (by region)



Job & private life

We ensure that our employees' private lives aren't sacrificed, even when they are subject to a heavy workload at the office. We also consider changing life circumstances and, for example, offer employees the opportunity to work from home or to take part-time employment in order to integrate childcare and career demands.

The Share



Basic data

ISIN	DE0000585969
WKN	585969
Ticker symbol	IVX
Share class	No-par bearer shares
Listed on	Frankfurt Stock Exchange
Segment	Prime Standard
Designated Sponsor	WestLB
Indexes	Prime All Share Prime Software Technology All Share
Initial listing date	18 June 2007
Offering price	EUR 32.00
Current number of outstanding shares	2,235,000

Key figures

Year high*	EUR 9.05
Year low*	EUR 3.19
Year closing price*	EUR 6.30
Number of shares (per 31 December)	2,235,000
Market capitalisation (per 31 December)	EUR 14.08 million
Free float (per 31 December)	26.05%
Average daily trading volume (Xetra, in units)	2,361
EPS	EUR -2.11
Cash/Share (per 31 December)	EUR 2.02

* Xetra closing price

Investor Relations

Once again in fiscal year 2009, the Executive Board of InVision Software AG held extensive discussions with capital market participants. Investors, journalists and analysts were able to obtain information about the business development and strategic direction of the Company from individual meetings, roadshows as well as the analysts' conference held during the German Equity Forum in November. Transparency, openness, and fair and equal treatment were the guiding principles for the Company's investor relations work.

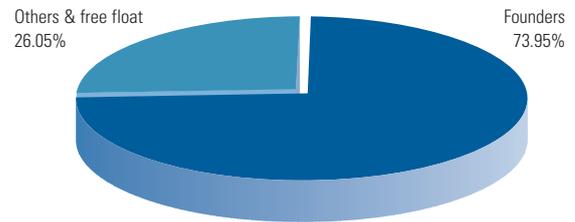
WestLB acted as the Company's market maker or "designated sponsor", placing binding buy and sell quotes on Xetra and thereby providing for a high degree of liquidity in the shares.

WestLB and SES Research regularly published analyses about InVision Software. As recently as early December 2009, WestLB rated the stock as a "hold", and in November 2009, SES Research rated it as a "neutral".

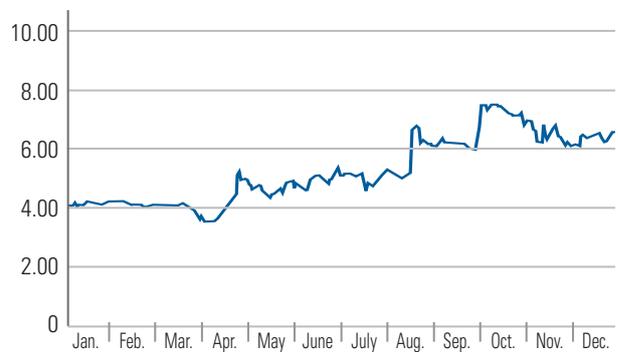
Share price development 2009

In a stock market environment that was generally positive, the InVision share likewise performed favourably. InVision's share price at year-end was EUR 6.30, which was 54 percent higher than the share price was at the beginning of the year.

Shareholder structure 31 December 2009



Share price development 2009 (XETRA)





To InVision Software AG, corporate governance means responsible and transparent company management and control, which is structured to enhance the long-term value of the Company. Corporate governance consists of standards for sound and responsible company management. To our Executive Board and Supervisory Board, virtues such as persistence, transparency and focus on value are the core components of good corporate management. In accordance with section 3.10 of the German Corporate Governance Code, the corporate governance report of InVision Software AG is prepared jointly by the Executive Board and Supervisory Board. It describes the principles of management and the control structure as well as the significant rights of the shareholders of InVision Software AG.

Management and control structure

InVision Software AG is governed by German company law and consists of a two-tier system of corporate management and supervision. The Executive Board is responsible for corporate management and is subject to the control and supervision of the Supervisory Board. The Executive Board and Supervisory Board work together closely in the interests of the Company and are in regular contact with one another. The Executive Board submits timely and comprehensive reports to the Supervisory Board about business developments, planning as well as the risk situation and, if applicable, about any existing variances between the planned and actual business development. The work of the governing bodies – the Executive Board and the Supervisory Board – is governed by the internal rules of procedure for each body.

Executive Board

The Executive Board is personally responsible for managing InVision Software AG and currently consists of two members. The members of the Executive Board bear the joint responsibility for company management. The Executive Board chairman coordinates the work of the Executive Board members.

Supervisory Board

The Supervisory Board of InVision Software AG appoints, supervises and advises the Executive Board and is directly involved in decisions which are of fundamental importance to the Company. The Supervisory Board chairman co-ordinates the work on the Supervisory Board. The members of the Supervisory Board are elected by the shareholders at the Shareholders' Meeting. The Supervisory Board of InVision Software AG currently consists of three members.

Shareholders' Meeting

Each shareholder is invited to attend the Shareholders' Meeting. The Shareholders' Meeting resolves whether to ratify the actions taken by the Executive Board and Supervisory Board, elects the annual accounts auditor, and approves amendments to the Company's articles and memorandum of association as well as any measures that change the Company's capital structure. Consistent with corporate governance, German legislation requires that any and all measures which change a company's capital structure be subject to the consent of the Company's shareholders.

Any shareholders, who do not wish to personally attend the Shareholders' Meeting in order to cast their vote, may also grant a power of attorney (proxy), with binding voting instructions, to a representative of the Company.

Open and transparent communication

InVision Software AG informs shareholders, analysts and journalists in accordance with uniform and standardised criteria. All information is transparent for all capital market participants.

All ad hoc notices and press releases as well as presentations for the press or analysts' conferences are promptly published on the website of InVision Software AG. The Executive Board promptly publishes any insider information, which affects the Company, unless it is exempted from this publication duty in any given case. Insiders are entered on lists pursuant to the statutory requirements and are ordered to preserve confidentiality. InVision Software AG reports on its business development and the Company's financial condition and results of operations according to a set financial calendar four times each year.

Information about the Shareholders' Meeting – such as the notice of the Shareholders' Meeting, the meeting agenda, the annual financial statements, the articles and memorandum of association, and background information to any resolution proposals – are likewise published on the Company's website on the date of the notice of the meeting. In addition, the website will also include information about past Shareholders' Meetings and the quarterly accounts for the most recently completed fiscal year and earlier fiscal years.

If the Executive Board and Supervisory Board members of the Company or any persons related to them should purchase and sell Company shares and any financial instruments underlying these shares (such as derivatives), then such information is also disclosed. Such disclosures are available for inspection on the website immediately after the transactions become known.

According to the Transparency Directive Implementation Act (TUG) the reporting duty threshold is 3 percent of the voting rights held in a publicly listed company. Companies must now also disseminate their mandatory reports throughout Europe. For this purpose, InVision Software AG relies on a qualified service provider. In addition, all information is published in German and in English.

Securities transactions and shares held by governing report any transactions

Under § 15 a of the Securities Trading Act (WpHG), members of the Executive Board and members of senior management and the Supervisory Board of InVision Software AG are obligated to

report any transactions they make involving InVision shares. This reporting duty applies to all transactions which are in excess of the aggregate amount of EUR 5,000 per calendar year. In fiscal year 2009, the following transactions were reported to us:

Name	Date	Type of security	Type of transaction	Units	Total value (EUR)
InVision Holding GmbH, Ratingen*	12.01.2009	Shares	Purchase (off exchange)	246,192	1,006,925.28

*The Executive Board member Peter Bollenbeck holds 50 percent of InVision Holding GmbH shares.

Pursuant to section 6.6 of the German Corporate Governance Code, Executive Board and Supervisory Board members must disclose their shares in the Company as well as any financial instruments underlying such shares, if they hold, either directly or indirectly, more than one percent of the issued and outstanding shares of the Company.

As required under section 6.6 of the German Corporate Governance Code, the following shareholdings were reported to us as of the end of the fiscal year:

Name	Governing body	Type of security	Units	Shareholding (percent)
Peter Bollenbeck	Executive Board	Shares	380,000	17.0
Matthias Schroer	Executive Board	Shares	380,000	17.0
Armand Zohari*		Shares	380,000	17.0
InVision Holding GmbH, Ratingen*		Shares	512,775	22.9

*Peter Bollenbeck, Matthias Schroer and Armand Zohari have jointly concluded a voting pool arrangement. The chairman of the Executive Board, Peter Bollenbeck, and Armand Zohari also each hold 50 percent of the shares of InVision Holding GmbH. Thus, Peter Bollenbeck and Matthias Schroer collectively hold, either directly or indirectly, 1,652,775 shares, which represents 73.95 percent of the Company's registered share capital.

Compliance Statement 2010

The Supervisory Board and Executive Board of InVision Software AG discussed the recommendations made by the Government Commission of the German Corporate Governance Code for Corporate Management and Supervision (18 June 2009 version) and determined which recommendations on conduct would not be followed.

In accordance with § 161 of the German Stock Corporation Act (AktG), the compliance statement below acknowledges and confirms that the recommendations of the Government Commission on the German Corporate Governance Code are being observed subject to the following exceptions:

- Pursuant to sentence 3 under subsection 2.3.1 of the Code, the Executive Board should publish in an easily accessible manner on the Company's website the reports and documents, including the Company's annual report, which the law requires for the Shareholders' Meeting, as well as the meeting agenda. The Company reserves the right to exclude certain documents from publication on the Company's website, if and as far this is legally permitted and the easy accessibility to such documents could result in a competitive disadvantage for the Company.
- For reasons of cost and in view of the size of the Company and the relatively low number of shares that are widely held, the Company does not allow its shareholders – contrary to section 2.3.4 of the Code – to use modern means of communication to track and follow the Shareholders' Meeting.
- The directors and officers' liability insurance policy (D&O policy) concluded in favour of the Executive Board and Supervisory Board members does not provide for any deductible (section 3.8 of the Code). The members of the Executive Board in the Company hold a large number of shares. In the opinion of the Company, this is an adequate incentive for the Executive Board to duly and responsibly conduct management. The amount of the premium is not otherwise influenced by the agreement on a deductible.
- Compliance statements which are no longer up to date will not be published on the website of the Company (pursuant to sentence 5 under section 3.8 of the Code). In the opinion of the Company, the accordant administration effort is disproportionate to the added value of the information.
- The compensation arrangements for the Executive Board does not provide for any variable components (section 4.2.3 of the Code). The Company assumes that the large number of shares held by members of the Executive Board in the Company's registered share capital provides an adequate incentive for the dedicated and responsible management of the Company.
- To date, no age limit (mandatory retirement age) for Executive Board and Supervisory Board members has been set (section 5.1.2 and 5.4.1 of the Code). Given the age of the Executive Board and Supervisory Board members, no such action has been required so far. The Executive Board and Supervisory Board do, however, basically agree with the purpose underlying this Code rule and will set such an age limit in due time in conformity with the Code.
- The Company's articles and memorandum of association and the Supervisory Board's internal rules of procedure grant the Supervisory Board the authority to form committees (section 5.3 of the Code). Given the current size of the Company, the Supervisory Board currently consists of only three members. Accordingly, forming committees would not simplify or streamline the work of the Supervisory Board.
- In addition to their fixed compensation, members of the Supervisory Board do not receive performance-based compensation (section 5.4.7 of the Code). The Executive Board and Supervisory Board do not feel that performance-based compensation for the Supervisory Board is practicable. On the one hand, Supervisory Board compensation linked to the success of the company would fundamentally contradict the Board's supervisory function. And on the other hand, the Executive Board and Supervisory Board believe that variable compensation can be linked only to Group operating results, over which the Supervisory Board has little influence. In the Company's opinion, linking variable Supervisory Board compensation to the amount of distributed dividends creates problems since the Executive Board and Supervisory Board must recommend these actions to the Shareholders' Meeting and would therefore allow themselves, as the beneficiaries, to dictate at least part of their variable compensation. The Company has therefore decided to compensate members of the Supervisory Board according to the costs incurred, which means that they will be paid a meeting fee.
- The Company generally endeavours to publish the annual financial statements within 90 days, and the interim financial statements within 45 days, after the end of the respective reporting period (subsection 7.1.2 of the Code). Given the Company's organisational needs, it is possible, however, that these reports will be published merely in accordance a timetable that complies with the requirements of the Prime Standard of the German Stock Exchange.

Annual accounts auditor

The Shareholders' Meeting of InVision Software AG has appointed the audit firm of Verhülsdonk & Partner Wirtschaftsprüfungsgesellschaft mbH, Düsseldorf, to serve as the annual accounts auditor of InVision Software AG. At no time have there been any business, financial, personal or other dealings between the audit firm and its governing bodies and auditing directors, on the one hand, and InVision Software AG and its governing body members, on the other hand, which relationship could cause uncertainty about the audit firm's independence. Verhülsdonk & Partner has also advised the Company on tax matters since 1999.

On the basis of the appointment of the annual accounts auditor by the Shareholders' Meeting, the Supervisory Board of InVision Software AG has authorized the annual accounts auditor to engage in the audit and has agreed on a fee arrangement with the auditor. In connection with granting the auditing job, the Supervisory Board has agreed with the auditors on the reporting duties under the German Corporate Governance Code.

The annual accounts auditors will participate in the discussions and deliberations, which the Supervisory Board holds concerning the annual consolidated financial statements, and will report on the significant findings of its audit.

Executive Board compensation report

- Peter Bollenbeck, Executive Board chairman, term of office ending 19 February 2012
- Matthias Schroer, Executive Board member, term of office ending 19 February 2012

The Executive Board compensation is based on customary industry standards and consists of a fixed-base salary, which increases if a contractually defined revenue threshold is met. In addition, the Executive Board members have a right to use a car leased by the Company. In addition, Executive Board members will be paid an allowance to help cover their costs for health insurance and long-term care insurance.

The benefits paid out in the financial year may be summarised as follows:

Name	2009 (EUR)	2008 (EUR)
Peter Bollenbeck	206,454	205,997
of which fixed salary	189,138	188,787
of which other benefits	17,316	17,210
Matthias Schroer	203,024	200,976
of which fixed salary	190,003	187,959
of which other benefits	13,021	13,016
Total Compensation Executive Board	409,478	406,973

The Company has taken out private liability insurance to cover the Executive Board members, if these members do not have their own personal liability insurance protection. In addition, the Company has executed a D&O insurance policy (without any deductible).

Otherwise, the Executive Board members in fiscal year 2009 were not granted any loans or provided any advances for future salary payments, and no contingent liabilities were incurred for the benefit of such persons.

Supervisory Board compensation report

Pursuant to the Company's articles and memorandum of association, the Supervisory Board of InVision Software AG consists of three members. On 13 March 2007, the Company's Annual Shareholders' Meeting elected the three members of the Supervisory Board for terms of office ending with the conclusion of the Annual Shareholders' Meeting, at which a resolution for ratifying the board's actions for fiscal year 2011 is adopted.

Members of the Supervisory Board are:

- Dr. Thomas Hermes (Chairman), Essen, Attorney-at-Law and Notary
- Dr. Christof Nesemeier (Deputy chairman), Berlin, qualified merchant [Dipl.-Kaufmann]
- Prof. Dr. Wilhelm Mülder, Essen, University Professor

In addition to reimbursement of the expenditures which they incur in discharging their official duties, members of the

Company's Supervisory Board are paid a fixed fee of EUR 5,000. The Supervisory Board chairman receives twice that amount, and the Deputy chairman receives one and one-half times that amount. The fee is paid after the financial year in question ends. Any value added tax charged on the cost reimbursement or fees will also be reimbursed.

In fiscal year 2009, the Supervisory Board's benefits consist of the following:

Name	2009 (EUR)	2008 (EUR)
Dr. Thomas Hermes	12,500	12,000
of which fixed compensation	10,000	10,000
of which meeting fees and expenditures	2,500	2,000
Dr. Christof Nesemeier	10,020	10,020
of which fixed compensation	7,500	7,500
of which meeting fees and expenditures	2,500	2,520
Prof. Dr. Wilhelm Mülder	7,500	6,500
of which fixed compensation	5,000	5,000
of which meeting fees and expenditures	2,500	1,500
Total Compensation Supervisory Board	30,000	28,520

Otherwise, the Supervisory Board members in fiscal year 2008 were not granted any loans or provided any advances for future payments, and no contingent liabilities were incurred for the benefit of such persons.

Ratingen, 29 January 2010

**The Executive Board and the Supervisory Board of
InVision Software AG**

Report by the Supervisory Board



During fiscal year 2009, the Supervisory Board of InVision Software AG supervised the Executive Board in accordance with the German Corporate Governance Code and, by reviewing all key business transactions, gathered detailed information about the Group's performance. The Supervisory Board held five meetings during the reporting year.

At the meetings, the Supervisory Board together with the Executive Board closely analysed the ongoing business development and conferred on the strategic direction of the Company. The Supervisory Board reviewed those transactions, which are subject to its consent under the statutory rules or the provisions of the Company's articles and memorandum of association, and then decided on whether to consent to such transactions.

The discussions covered not only the business situation at InVision Software AG and its subsidiaries, but also the Company's current and long-term development and product,

sales and marketing strategy. Furthermore, when requested, the Report by the Supervisory Board Executive Board informed the Supervisory Board Chairman, either by telephone or in writing, about the ongoing course of business.

In addition, the Supervisory Board dealt with the issue of corporate governance and the German Corporate Governance Code. During the reporting year, the Supervisory Board and Executive Board took measures that were necessary to comply with most of the Code's recommendations.

The compliance statement, which is jointly issued with the Executive Board pursuant to § 161 of the German Stock Corporation Act (AktG), concludes that in fiscal year 2009 InVision Software AG has, subject to a few exceptions, complied with the recommendations of the Code (both in its 6 June 2008 version and in its amended version of 18 June 2009), and that it will also widely comply with the Code in the future. This compli-

ance statement has been published in the annual report and on the Company's website, www.invisionwfm.com.

In fiscal year 2009, the Supervisory Board meetings focused on the following issues:

- The meeting held on 23 January 2009 dealt not only with the 2009 Corporate Governance report, but also with business performance, including the Company's revenues and financial condition, and with the business policy objectives and expectations for 2009. Details regarding the acquisition of Core Practice LLC were also discussed and the requisite resolutions for the transaction adopted.
- The meeting held on 27 March 2009 addressed details about the 2008 annual financial statements and consolidated financial statements including the requisite resolutions. In addition, the Company's business performance, including its financial condition, revenues and profitability, were discussed and resolutions relating to the formation of InVision Software (Deutschland) GmbH and the 2009 Shareholders' Meeting were adopted.
- At the meeting on 18 May 2009, preparations were made for the Shareholders' Meeting of 19 May 2009, which was attended by all Supervisory Board members. The Supervisory Board also discussed business policy objectives and other fundamental questions about corporate planning (above all, financial, investment and personnel planning), including discrepancies between earlier reported targets and actual performance and the reasons for such discrepancies.
- At the meeting held on 7 September 2009, the Supervisory Board discussed key figures for the first half of 2009 as well as business policy objectives and other fundamental questions about corporate planning (above all, financial, investment and personnel planning), including discrepancies between earlier reported targets and actual performance and the reasons for such discrepancies.
- The meeting held on 23 November 2009 addressed business performance issues in the second half of 2009, including the Company's revenues and financial condition as well as the updates to the German Corporate Governance Code. Also discussed were the main issues for the 2010 Shareholders' Meeting as well as any amendments to the Company's Articles that were necessitated by changes in legislation.

In order to audit the annual financial statements and the consolidated financial statements for fiscal year 2009, the Supervisory Board duly engaged the audit firm of Verhülsdonk & Partner Wirtschaftsprüfungsgesellschaft mbH, Düsseldorf, which had been selected by the Shareholders' Meeting to act as the Company's annual accounts auditor.

The external auditors have issued the Supervisory Board with a declaration of independence in accordance with section 7.2.1 of

the German Corporate Governance Code. This declaration confirms that no professional, financial or other kinds of relations exist between the firm of auditors and its boards and chief auditors on the one hand, and InVision Software AG and its board and committee members on the other hand, which could give reason to doubt the auditors' independence.

The subject matter of the audit were the annual financial statements and consolidated financial statements as of 31 December 2009 as well as the management report, which were based on the bookkeeping performed by Verhülsdonk & Partner Wirtschaftsprüfungsgesellschaft mbH, Düsseldorf. The audit firm issued an unqualified auditor's opinion [uneingeschränkter Bestätigungsvermerk].

The audit reports were submitted to the Supervisory Board. The auditors responsible for conducting the audit then explained the reports in person to the entire Supervisory Board and to the Executive Board. The Supervisory Board closely scrutinised the reports during a meeting held on 19 April 2010. The Supervisory Board concurred with the results of the audit and approved the annual financial statements and consolidated financial statements. The submitted annual financial statements are thereby formally adopted.

In fiscal year 2009, there were no changes in the membership of the Executive Board or the Supervisory Board of InVision Software AG. The Supervisory Board thanks the Executive Board and all employees for their dedication and for the work they did in fiscal year 2009.

Ratingen, 21 April 2010

[The Supervisory Board](#)
[Dr. Thomas Hermes -Chairman-](#)
[Dr. Christof Nesemeier -Deputy chairman-](#)
[Prof. Dr. Wilhelm Mülder](#)

Members of the Supervisory Board and overview of other Supervisory Board positions

Dr. Thomas Hermes

Attorney-at-Law and Notary, Partner in the law firm Holthoff-Pförtner, Essen and Berlin Dr. Hermes sits on the following additional Supervisory Boards:

- Deputy chairman of the Supervisory Board of Wohnungsbaugenossenschaft Essen-Nord eG

Dr. Christof Nesemeier

Executive Board chairman of MBB Industries AG, Berlin Dr.

Nesemeier sits on the following additional Supervisory Boards:

- Supervisory Board chairman of Delignit AG Prof. Dr. Wilhelm Mülder

University professor, Essen Professor Dr. Mülder does not sit on any other Supervisory Boards.

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Group Management Report

The following management report contains information about InVision Software AG, Ratingen (hereinafter also referred to as "AG", "InVision AG" or the "Company"), and about its consolidated subsidiaries (hereinafter collectively with the Company also referred to as "InVision", "the InVision Group", or "the Group"). As the Group's parent company, InVision Software AG performs group management functions and is simultaneously the key member of the InVision Group. The explanations below generally relate to the Group, unless there has been an express reference to the Company itself.

1. Overview

For the InVision Group, the primary emphasis during fiscal year 2009 was on stabilisation of sales and a sustainable return to profitability. In that context, the actions taken focused on reducing the Group's cost base, expanding its internal controlling and monitoring functions and increasing its sales efficiency.

By implementing several programmes designed to reduce personnel costs and other operating expenses, the Group was able to reduce its cost base for fiscal year 2010 to approximately EUR 15 million, representing approximately EUR 5 million in savings. Despite having made considerable cost cuts, the Group has succeeded in avoiding making palpable concessions as to the quality of products and services it offers.

In 2009, the Group put a new Group-wide ERP system for the improvement of the internal controlling and monitoring processes in place, which went on-line at the beginning of 2010. This system will enable inefficiencies and undesirable developments to be detected and corrected more rapidly than was previously the case.

Due to the ongoing worldwide recession, the willingness of many customers to make investments was limited in 2009. For this reason, sales were focused primarily on those areas with the highest potential. This approach has already yielded initial, palpable success. Licence revenues increased by 39 percent, revenues outside the DACH region increased by 41 percent and revenues from customers from the call-center sector increased by 13 percent. In part, these growth rates lie considerably above the comparable growth rates of the Group's domestic and international competitors.

Overall, sales remained at last year's levels. The Group reported a loss of EUR -4.7 million, which is an improvement over the previous year. Due to its considerably reduced cost base and posi-

tive sales outlook, InVision expects favourable pre-tax results in 2010.

InVision is well-positioned in the international competitive environment, has a healthy equity capital base, and is continuing to follow a long-term growth strategy. As that strategy progresses, the Group's profitability will remain an important factor for making better use of the Group's existing growth options in the current economic environment and for further strengthening its competitive position.

2. The Company

Business

Since it was formed in 1995, InVision has been developing and selling workforce management software and providing related services such as consulting and implementation.

Workforce management is defined as the optimal deployment of human resources in the broadest sense. Workforce management consists of projecting labour demand, planning and optimizing staffing, performing time management, and analysing and directing the deployment of human resources. Staff scheduling and, more specifically, the optimisation of staff scheduling, are performed on the basis of complex mathematical models that are influenced by a large number of different factors. Staff scheduling must be optimally tailored to the needs of the respective enterprise in order to avoid unnecessary costs resulting from the deployment of unnecessary staff, or to guarantee adequate staffing during periods of peak staff demand. The greater the number of staff and the factors that must be taken into account in the scheduling of staff, the more complex the necessary calculations become. Thus, an optimal scheduling of staff requires the utilisation of sophisticated software-based system solutions.

The software, which is developed and sold by the InVision Group, encompasses all elements of workforce management and is not limited to certain industries or certain areas of application. Rather, the software can be used in all divisions of a business where staff scheduling and staff scheduling optimisation are necessary, provided that the respective environment is suitable for the use of the software. Thus, for example, in a retail business, it is possible not only to plan and optimise staffing in individual stores, but also to control staff scheduling in the company's call centres. In this respect, the Company maintains a special core competency in the development of software-

based solutions for highly complex and technically demanding optimisation problems.

The objective of workforce management systems is to improve employee efficiency by consistently orienting staffing to meet actual needs, thereby resulting in lower personnel expenses and improved productivity. By enabling the active participation of employees or, as the case may be, by recording their preferences (such as individual working hour preferences) in the planning process, it is possible to achieve a better balance between work and leisure time. By scheduling employees in accordance with demand, it is possible to avoid unnecessary over-utilisation and under-utilisation of staff. Finally, balancing out the allocation of staff deployments at less desirable hours or at less desirable work locations yields fairer employee scheduling. These advantages also contribute to employee job satisfaction as a whole, thereby lowering staff turnover and reducing personnel recruiting expenses. The planning costs usually associated with staff scheduling can also be reduced by standardising the relevant processes and by greatly eliminating the use of paper and reducing error-prone manual corrections to staff schedules. As a rule, costs of the software can be fully amortised within six to twelve months.

Strategy

The Company's objective is to attain a leading global position in the market for workforce management software and to set the standard in the field of workforce management. To this end, the InVision Group is concentrating on workforce management solutions with a clear focus on software-supported solutions for highly complex optimisation problems in the field of staff scheduling, without thereby limiting its product to certain industries or to certain areas of application within a business. These software solutions are developed for company-wide workforce management services and are not limited to particular sectors or areas of application within a company. The key elements of the Company's sales strategy include the effective penetration of international markets, the successive diversification of its target markets and geographic areas of application for the Company's workforce management solutions and, from a technical perspective, the continuing advancement and development of the Company's range of products in order to build upon what the Company believes is its existing technological strengths. In addition, the Company feels that targeted acquisitions of companies and holdings in companies can be an appropriate means of implementing its strategy.

Internationalisation

Since establishing its first subsidiary in 1999 and forging its first sales partnerships abroad, the InVision Group has continued the international expansion of its business by successively forming additional foreign subsidiaries. In addition to its headquarters in Germany, the Company has since set up sales and service companies in France, Italy, Spain, Sweden, the United Kingdom, Estonia, Austria, Switzerland, the Netherlands as well as the United States and South Africa. In recent years, the Company has focused its activities primarily on building up local sales and consulting teams, gaining experience in local markets, and successfully acquiring local prestige customers. To expand its business, the InVision Group intends to continue aggressively penetrating local markets.

Since 2004, InVision has directed its sales and marketing activities to soliciting pan-European and large international customers in order to be better able to exploit its position as an internationally active provider. In this respect, InVision Group benefits from the fact that its software can be deployed across borders and can take into account complex cultural conditions and legal environments in the context of staff scheduling optimisation. In this way, the software may be deployed internationally without an immediate need to make complex adjustments to the software in order to adapt to the respective local environment.

Sector diversification

The successful deployment of workforce management solutions and, in particular, the deployment of software-based solutions for highly complex staff scheduling optimisation is not, in principle, limited to certain industry sectors or companies, to the extent that a larger number of employees are intended to be scheduled. However, the demand for workforce management solutions is highly dependent on whether the (legal) environment in the respective sector or in the respective area of application favours the use of workforce management solutions. The factors that favour the deployment of workforce management solutions include, among other things, the legal and factual opportunity for flexible employee scheduling, long business hours and hours of operation, a high quality of service sought by the user, the desire to increase efficiency potential, and elevated competition for qualified personnel. Because these factors weigh differently in the various countries and in the various sectors, there are currently substantial differences between the individual countries and sectors with respect to the opportunities for a broad-based deployment of workforce management systems. In Germany and continental Europe, workforce

management systems are currently used primarily by companies that operate call centres. Additionally, workforce management systems are also being used by retail companies to optimise staff schedules in the context of organising their individual stores, as well as by airport operators and airlines in connection with staff schedule optimisation of ground personnel. In the United States and the United Kingdom, the use of workforce management systems is more wide-spread than in Germany and continental Europe due to a more favourable environment, so that workforce management systems in the aforementioned applications and, above all, in retail, are used to a much greater degree than in Germany and continental Europe. Moreover, other sectors in the US and UK already use workforce management systems. In an effort to identify early and exploit other sales potential, InVision is closely monitoring the industries and areas of application, which until now have not used workforce management or do so on a very limited basis.

Technology

In the development of its product base, InVision has carefully focused, and will continue to carefully focus, on ensuring that the developed software solutions for staff scheduling and optimisation can be deployed in the various sectors and in the various areas of application. InVision intends in future to offer on this basis more special programme versions that are tailored to the special requirements of individual sectors. These include mapping sector-specific processes in order to thereby strengthen the Company's competitiveness in certain market segments.

InVision also plans to invest in the further development of algorithms to solve highly complex optimisation problems within the workforce management, in an effort to further extend the strong position in this area. In this manner, the Company intends to effectively raise the barriers to market entry for other potential competitors.

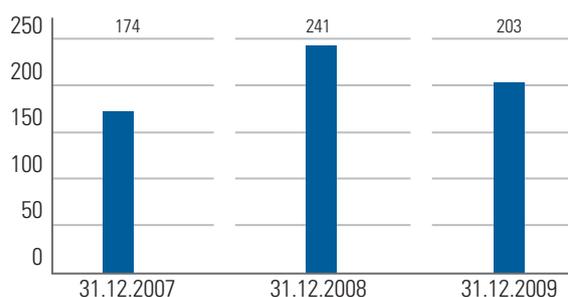
Corporate acquisitions and equity investments

To support its strategy, the Company is considering acquisitions of companies or company divisions with the objective of acquiring promising, complementary technology and expanding its own customer base. Furthermore, acquisitions are also intended to strengthen sales and service capacities.

Employees

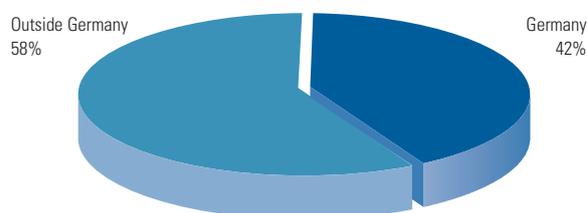
On 31 December 2009, the InVision Group employed 203 workers worldwide (including the Executive Board members). Thus, compared to the end of 2008, the number of employees decreased by 16 percent (31 December 2008: 241 employees).

Employee growth 2007-2009



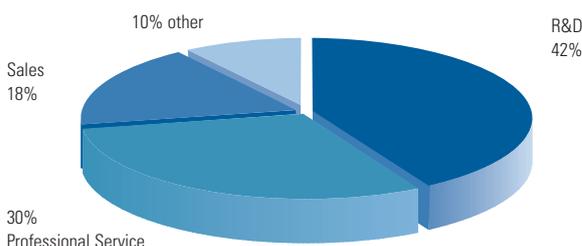
At the end of the year, 86 employees were on staff in Germany (31 December 2008: 103 employees), and 117 employees were employed in foreign subsidiaries (31 December 2008: 138 employees). This employee distribution reflects the Group's strong international orientation.

Employee distribution 2009 (by region)



The number of employees working in research and development decreased by 17 percent to 86 (2008: 103 employees). The number of employees in the Professional Services Division decreased by 18 percent to 60 (2008: 73 employees). The number of sales employees remained almost constant (36 as of 31 December 2009; 2008: 39 employees).

Employee distribution 2009 (by division)



Research and development

The key features of InVision's products are their special capability of solving highly complex optimisation problems, the accuracy of their projection algorithms, their broad functional coverage and their high processing speed (real time processing) even where there is a high volume of data. Moreover, customer-specific demands can be effectively accommodated by software updates and upgrades.

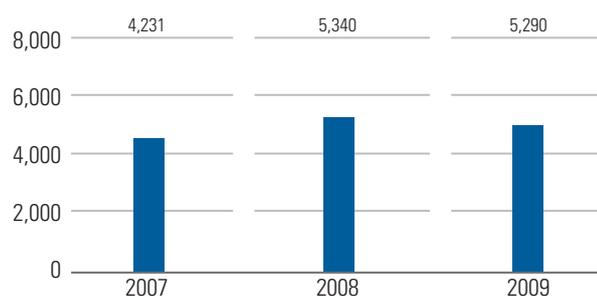
For InVision, the continued improvement of its software and its development of new components in order to meet market needs are key competitive factors. Accordingly, the InVision Group attaches great importance to research and development. Not surprisingly, therefore, InVision is constantly investing in the development of its product lines for its company-wide workforce management programme, InVision Enterprise WFM.

Software development at the InVision Group is conducted both in and outside of Germany at a number of different sites, where a total of 86 staff members were employed in research and development as of 31 December 2009.

In fiscal year 2009, Release 4.7 of InVision Enterprise WFM was tendered for mass delivery. Likewise during the reporting period, the Group launched a new organisational structure as well as a new development process, which has to a large degree integrated short-term, mid-term and long-term market requirements and which has shown to have produced considerable increases in efficiency in certain areas. In connection with these changes, 2009 saw the completion of development work on three service packs and the commencement of development work on a new release.

In financial year 2009, the expenses for research and development remained almost constant with to TEUR 5,290 (2008: TEUR 5,340), which represents 44 percent (2008: 45 percent) of total revenues.

Development of R&D expenses 2007-2009 (TEUR)



Information required under § 315 (4) HGB

Pursuant to § 315 (4) HGB, the management report must cover the following points. The discussion shall also include explanations under § 175 (2) AktG.

The Company's registered share capital is EUR 2,235,000 and is divided into 2,235,000 no-par bearer shares. Each share represents a pro rata amount of the registered share capital equal to EUR 1.00 per share. Each share carries one vote. In accordance with the Company's articles and the applicable statutory provisions, the shareholders exercise their rights and cast their votes at the Shareholders' Meeting.

Pursuant to a shareholder resolution dated 13 March 2007, the Executive Board was authorised under § 4 (4) of the Company's Articles, with the consent of the Supervisory Board, to increase one or more times on or before 15 May 2012 the Company's registered share capital by up to a total of EUR 760,002 by issuing a total of up to 760,002 new no-par bearer shares in exchange for cash and/or non-cash capital contributions. As a rule, the shareholders must be given preemptive rights, which should be granted to them by way of an indirect preemptive right (§ 186 (5) of the German Stock Corporation Act ("AktG")). The Executive Board is authorised, however, with the consent of the Supervisory Board, to preclude the shareholders' preemptive rights.

The pre-emptive rights may be precluded:

- when the share capital is increased through contributions-in-kind (non-cash capital contributions), specifically for purposes of acquiring companies, company divisions and equity interests;
- when share capital is increased through cash contributions (cash capital contributions) that do not exceed in total EUR 150,000.00, provided that the issue price of the new shares is not significantly less than the stock market price of the Company's previously listed shares;
- in order to grant the holders of warrants and/or convertible bonds or warrant-linked bonds, a right to subscribe for shares in an amount to which they would be entitled as shareholders upon having exercised a conversion right or option or upon having discharged a conversion obligation;
- in order to grant employee shares to staff members of the Company and the enterprises affiliated with it; and
- in order to compensate any fractional amounts that may arise.

Pursuant to the shareholder resolution of 13 March 2007, the Executive Board is also authorised under § 4 (5) of the Company's Articles, with the consent of the Supervisory Board, to increase one or more times on or before 1 May 2012 the Company's registered share capital by up to a total of EUR 357,498 by issuing a total of up to 357,498 new no-par bearer shares in exchange for cash and/or non-cash capital contributions. As a rule, the shareholders must be given preemptive rights, which should be granted to them by way of an indirect preemptive right (§ 186 (5) of the German Stock Corporation Act ("AktG"). The Executive Board is authorised, however, with the consent of the Supervisory Board, to preclude the shareholders' pre-emptive rights.

The pre-emptive rights may be precluded:

- when the share capital is increased through contributions in-kind (non-cash capital contributions), specifically for purposes of acquiring companies, company divisions and equity interests,
- when share capital is increased through cash contributions (cash capital contributions) that do not in total exceed EUR 71,500.00, provided that the issue price of the new shares is not significantly less than the stock market price of the Company's previously listed shares,
- in order to grant the holders of warrants and/or convertible bonds or warrant-linked bonds, a right to subscribe for shares in an amount to which they would be entitled as shareholders upon having exercised a conversion right or option or upon having discharged a conversion obligation,
- in order to grant employee shares to staff members of the Company and the enterprises affiliated with it and
- in order to compensate any fractional amounts that may arise.

Pursuant to the shareholder resolution dated 19 May 2009, the Company is authorised to purchase its own shares in a pro rata amount of the registered share capital totalling EUR 223,500.00. The purchased shares together with the other treasury shares, which the Company had previously acquired and still holds or which must be attributed to it pursuant to § 71 a et seq. AktG, may not exceed 10 percent of the Company's registered share capital. The authorisation will be in place through 19 December 2009. The shares purchased on the basis of this authorisation may be used for all purposes allowed by law. The Company currently holds no treasury shares.

The Company was granted the authority to purchase its own shares in order to be able, inter alia, to adjust the equity capital flexibly to meet the relevant business needs and to react effectively to any stock market situations. Moreover, treasury shares can be used as consideration for purposes of acquiring companies or holdings in companies.

The Company does not have any conditional capital.

The Company's primary shareholders are Messrs. Peter Bollenbeck, Matthias Schroer and Armand Zohari as well as InVision Holding GmbH, Ratingen. Messrs. Bollenbeck, Schroer and Zohari have entered into a voting pool agreement. Under the terms of the voting pool agreement, the three shareholders have agreed to vote unanimously at the Company's Shareholders' Meeting, if a majority of the members of the voting pool agree to vote in a particular manner on the matter which is subject to the vote. If the pooled shareholders fail to reach a consensus on how to vote a particular resolution at the Shareholders' Meeting, then the shareholders are obligated to cast their votes in accordance with the Company's management recommendation. The registered share capital in InVision Holding GmbH is held by Messrs. Bollenbeck (one-half) and Zohari (one-half). Messrs. Bollenbeck, Schroer and Zohari each hold 380,000 company shares, and InVision Holding GmbH holds 512,775 shares. Thus, the primary shareholders hold directly or indirectly a total of 1,652,775 shares, which represent 73.95 percent of the Company's registered share capital. Moreover, to the Company's knowledge, Mr. Günther Müller, Germany, holds 254,903 shares. This constitutes 11.41 percent of the registered share capital. To the Company's knowledge, no other shareholders hold more than 10 percent of the Company's registered share capital.

The Executive Board members are appointed and dismissed in accordance with §§ 84 et seq. of the German Stock Corporation Act ("AktG"). Pursuant to § 6 (1) of the Articles, the Executive Board consists of at least two persons. An alternate member of the Executive Board may be appointed. Pursuant to § 6 (2) of the Articles, the Supervisory Board is responsible for determining the number and appointment of the regular Executive Board members and alternate Executive Board members as well as the revocation of the appointment, together with the nomination of the Executive Board member to serve as Executive Board chairman and any further Executive Board members to serve as Deputy chairman.

Amendments to the Articles will be adopted by the Shareholders' Meeting if, in accordance with § 179 AktG, a majority of at least three-quarters of the registered share capital represented at the meeting vote in favour of the amendment.

Pursuant to § 10 (2) of the Articles, the Supervisory Board is authorised to amend the Articles, provided the amendment involves only the wording. Under § 21 (1) of the Articles, the shareholder resolutions require a simple majority of the votes cast, unless the laws prescribe another majority. In those cases in which the laws require a majority of the registered share capital represented at the time the resolution is adopted, a simple majority of the represented registered share capital will suffice, unless the laws prescribe a higher majority.

There are no significant agreements which are subject to a restriction relating to a change of control resulting from a takeover offer. Likewise, no agreements for indemnifying employees or members of the Executive Board in the event of a takeover offer have been reached.

In addition to the Company, the Group includes the following subsidiaries:

- InVision IT-Systems GmbH, Vienna
- InVision Software GmbH, Zurich
- InVision Software B.V., Arnhem
- InVision Software SAS, Paris
- InVision Software S.r.l., Milan
- InVision Software Systems S.L., Madrid
- InVision Software Ltd., London
- WFM Software AB, Stockholm
- InVision Software OÜ, Tallinn
- InVision Software, Inc., Lisle, IL
- InVision South Africa (Pty) Ltd., Cape Town
- InVision Intellectual Property AG, Baar
- InVision Software (Deutschland) GmbH, Ratingen

The company continues to hold 80% ownership interest in InVision Consulting International GmbH, Baar, Switzerland, which in turn owns 51% of Core Practice LLC, Chicago, US.

3. General Business Conditions

According to forecasts issued for 2009 by the International Monetary Fund (IMF) on 26 January 2010, the 2009 global economic growth rate will decrease by 0.8 percent, after a growth rate of only 3.0 percent in the previous year. According to the IMF's forecasts, economic performance in developed economies will be shown to have fallen by a full 3.2 percent in 2009 (previous year: 0.5 percent growth). What this means is that the global economy has just experienced one of its sharpest recessions of the past 100 years.

In the Euro zone, which is very important to the InVision Group, economic output fell by 3.9 percent (previous year: 0.6 percent growth). Germany (the InVision Group's most important single market) as well as Italy and the UK are particularly badly affected, with declines in economic output of 4.8 percent each.

4. Business Development

Specific events in the financial year

As of 2 January 2009, InVision Software AG acquired a 51 percent stake in the US consulting entity Core Practice LLC, Lisle, Illinois, through its subsidiary InVision Consulting International GmbH, Baar. This acquisition is intended to strengthen both the Group's local market presence in the US and the range of consulting services it offers internationally.

On 12 January 2009, InVision Holding GmbH, Ratingen, acquired 246,192 shares of InVision Software AG, and it therefore now the Company's largest shareholder.

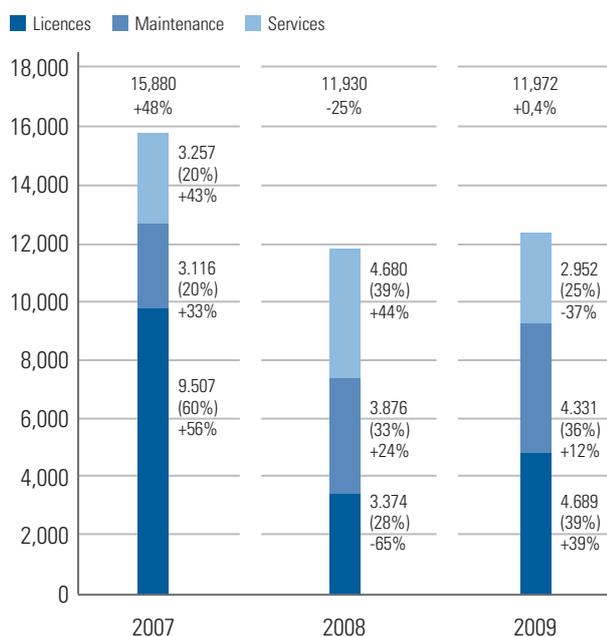
During the first three quarters of 2009, the Group's software solution, InVision Enterprise WFM, received four awards: The product was selected as "2008 Product of the Year" by US trade journal "Customer Inter@ction Solutions", which also awarded its "CRM Excellence Award" to InVision. As part of its "2009 Top Retail Product" competition, the German business magazine, "handelsjournal", awarded InVision the bronze medal in the "Process Optimisation" category. For the second time running, analysts Frost&Sullivan handed InVision Software the EMEA Agent Performance Optimisation Competitive Strategy Leadership Award.

Results of operation

Revenues

The Group achieved revenues of TEUR 11,972 (2008: TEUR 11,930) during the reporting year. Thus, revenues remained almost constant. Licence revenues increased by 39 percent to 4,689 TEUR (2008: TEUR 3,374). Maintenance revenues climbed by 12 percent to TEUR 4,331 (2008: TEUR 3,876). Service income decreased by 37 percent to TEUR 2,952 (2008: TEUR 4,680).

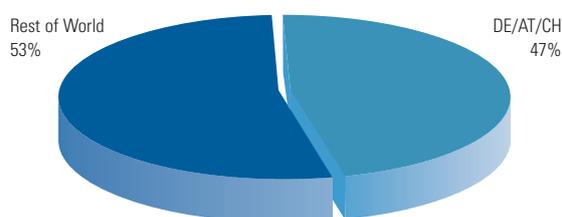
Revenue growth 2007-2009 (TEUR)



The increase in the Group's license revenues is the result of an increase in efficiencies in sales and marketing due to changes the Group has made in focusing its marketing efforts on projects with higher potential for revenues. The higher maintenance revenues is a direct result of the Group's increased maintenance base, which is linked to licence revenues generated from new and existing customers over the course of the past year and a consistently high level of customer loyalty. The decline in services revenues is primarily the result of lower utilisation of the Group's service capacities due to a weaker licence business during the second half of 2008.

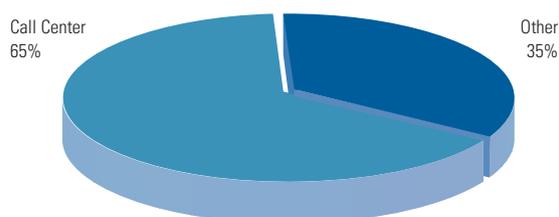
Revenues generated in the Germany/Austria/Switzerland region fell by 24 percent to TEUR 5,601 (previous year: TEUR 7,396), and constituted a 47 percent share of the Group's total revenues (previous year: 62 percent). Revenues generated in other foreign countries increased to TEUR 6,371 (previous year: TEUR 4,534) and were thus 41 percent higher than the previous year. Revenues from other foreign countries as a percentage of total revenues thus total 53 percent (previous year: 38 percent).

Revenue distribution 2009 (by region)



Revenues generated with customers in the call centre industry increased by 13 percent to TEUR 7,753 (2008: TEUR 6,848) and therefore constitute 65 percent of all customer revenue (2008: 57 percent). Revenues generated with other customers decreased by 17 percent to TEUR 4,219 (2008: TEUR 5,082) and therefore made up 35 percent of all customer revenue (2008: 43 percent).

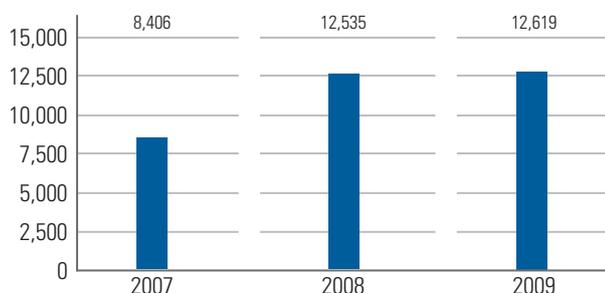
Revenue distribution 2009 (by customer segment)



Personnel expenses and other operating costs

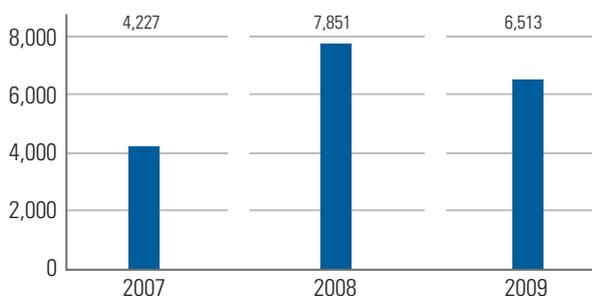
At 12,619 TEUR, personnel expenses almost remained constant (2008: TEUR 12,535).

Development of personnel expenses 2007-2009 (TEUR)



Due to cost saving measures, other operating expenses decreased by 17 percent to TEUR 6,513 (2008: TEUR 7,851). Travel expenses decreased by 32 percent to TEUR 453 (2008: TEUR 669). marketing expenses decreased by 43 percent to TEUR 631 (2008: 1,116). At TEUR 1,121 (2008: TEUR 1,155), the expenses for office use remained almost constant. The same is true for consulting expenses which amounted to TEUR 700 (2008: TEUR 711) and miscellaneous third party services at TEUR 614 (2008: TEUR: 620).

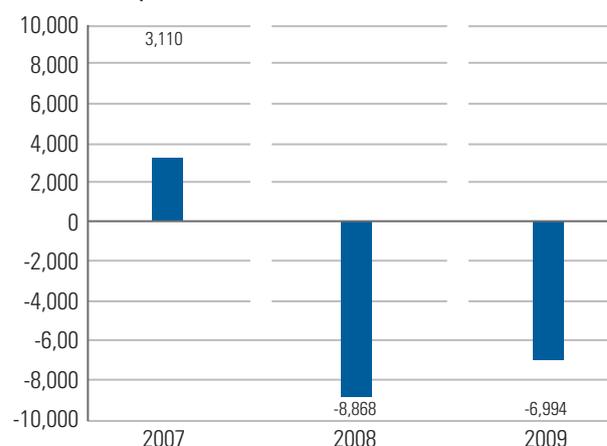
Development of other operating expenses 2007-2009 (TEUR)



Operating result and financial result

The operating result (EBIT) increased to TEUR -6,994 (2008: TEUR -8,868) during the reporting period. The EBIT margin during the reporting period was -58 percent (2008: -74 percent).

EBIT development 2007-2009 (TEUR)



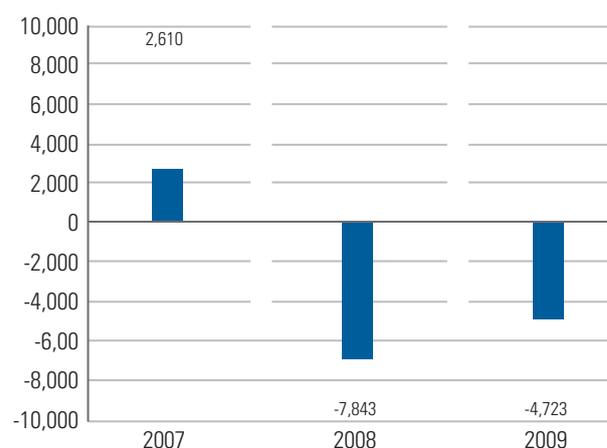
Interest income decreased by 85 percent to TEUR 86 (2008: TEUR 560). Interest expenses increased by 3 percent to TEUR 66 (2008: TEUR 64).

The dramatic exchange rate fluctuations primarily between the US dollar and British pound, on the one hand, and the euro, on the other hand, produced a currency loss of TEUR 119 (2008: currency gain of 547 TEUR).

Consolidated result

The consolidated result totalled TEUR -4,723 for financial year 2009 (2008: TEUR -7,842). Earnings per share equalled EUR -2.11 (2008: EUR -3.51), in each case based on 2,235,000 shares issued.

Net profit development 2007-2009 (TEUR)



Financial condition

The Company's financial condition in fiscal year 2009 was impacted primarily by the Group's negative consolidated result.

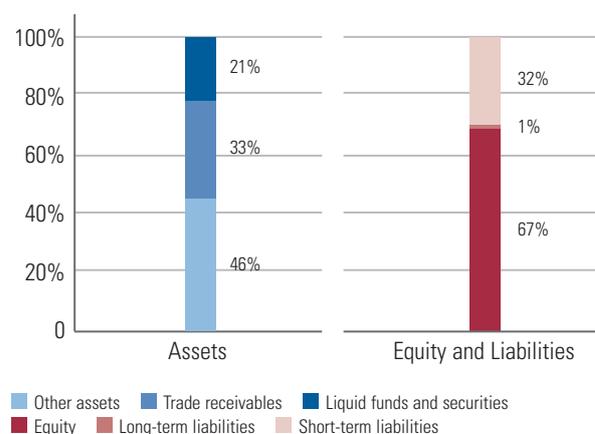
As of the end of the financial year, the liquid funds (cash and cash equivalents) decreased by 63 percent, from TEUR 12,211 in 2008 to TEUR 4,512, primarily because of the negative cash flow generated from operating activities. As of the end of the fiscal year, trade receivables totalled TEUR 5,532 and were therefore 13 percent higher than the previous year's end (2008: TEUR 4,879), mostly because of the higher sales revenues in the fourth quarter of 2009.

The income tax claims increased by 245 percent to TEUR 414 (2008: TEUR 120). Prepaid expenses and other short-term assets decreased by 13 percent to TEUR 531 (2008: TEUR 610). Increased investing activities during the fiscal year led to a 76 percent growth in intangible assets to TEUR 118 (2008: TEUR 67). Tangible assets decreased by 13 percent to TEUR 378 (2008: TEUR 433). Deferred tax assets grew 67 percent to TEUR 5,055 (2008: TEUR 3,018) because losses carried forward in several Group companies climbed. Other long-term assets decreased by 44 percent to TEUR 34 (Vorjahr: 62 TEUR).

Financial liabilities fell by 96 percent to TEUR 9 (2008: TEUR 211). At the same time, trade payables increased by 3 percent to TEUR 822 (2007: TEUR 795). Provisions decreased by 22 percent to TEUR 1,300 (2007: TEUR 1,657). Tax provisions decreased by 98 percent to TEUR 20 (2008: TEUR 1,300). The short-term (current) share of deferred income and other short-term liabilities increased by 112 percent to TEUR 3,218 (2008: TEUR 1,519). Deferred tax liabilities fell by 45 percent to TEUR 125 (2008: TEUR 228). The main reason for this development was the lower share of receivables, which arose as a result of applying the percentage-of-completion method.

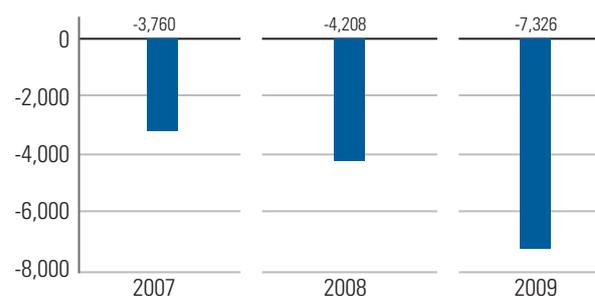
As of 31 December of the reporting period, the balance sheet total was TEUR 16,574 (2008: TEUR 21,402). The equity capital is now TEUR 11,080 (2008: TEUR 15,691), and the equity capital ratio is now 67 percent (2008: 73 percent).

Balance sheet ratios 2009



Cash flows from operating activities reached TEUR -7,326 (2008: TEUR -4,208) in the reporting period and constitute -61 percent of group revenues (2008: -35 percent). The main factors impacting the cash flows were the TEUR 653 increase in trade receivables, the TEUR 2,140 increase in deferred taxes and the TEUR 1,699 increase in other short-term liabilities as well as the TEUR 357 decline in provisions and the TEUR 1,280 decrease in income tax liabilities. The cash flow from investment activities decreased to TEUR -32 (2008: TEUR 11.501).

Development of cash flow from operating activity 2007-2009 (TEUR)



5. Basic Background to the Compensation System

In addition to the reimbursement of the expenditures which they incur in performing the duties of their office, the members of the Company's Supervisory Board are paid a fixed remuneration in the amount of EUR 5,000. The Supervisory Board chairman receives twice that amount, while the Deputy chairman receives one and one-half times that amount. The remuneration is paid after the end of each financial year. Any value added tax paid on the expenditure reimbursement or on the aforementioned remuneration will be indemnified.

The Executive Board remuneration conforms with the customary industry standard and consists of a base salary which will increase if certain revenue targets, as more specifically defined in the contract, are met. In addition, members of the Executive Board have a right to use a company car, which is leased by the Company. Moreover, the Executive Board members receive a contribution towards the costs of their healthcare and disability insurance.

6. Risk Report

Principles of risk management and of the accounting-related internal control system

For the InVision Group, a comprehensive and self-contained risk management programme is a significant component of the Group's corporate strategy. A company-wide monitoring system ensures the systematic identification and assessment of risks regarding any likelihood of occurrence or the possible quantitative effects on corporate value.

Risk management is intended to identify, at an early stage, specifically any risks which threaten the Company's very existence in an effort to launch effective counter-measures for avoiding the risks. Another goal is to minimise the possible adverse effects, which all risks could have on the financial condition and results of operation, while largely preserving the corresponding opportunities.

Potential countermeasures for dealing with risk include, for example, avoiding high-risk activities, reducing individual areas of potential risk by utilising commercial alternatives with a lower potential for risk, diversifying and limiting individual risks, and shifting risks onto insurance carriers or to contracting parties.

The Executive Board is responsible for administering the risk management. A fundamental review of all risks is made once each year. An internal ad hoc report is prepared in the event there are significant changes or newly emerged risks. All risk-relevant topics and the then-current economic situation compared to the business plans are discussed at regularly convened review meetings. If necessary, the individual specialty departments together with the relevant department head are engaged in order to participate.

The risk management is described and stipulated in a Group risk management policy and its suitability and functionality is reviewed each year in connection with the audit of the annual financial statements.

Significant risks related to the business

Risks related to the business development of the InVision Group arise from the often long and protracted sales process preceding the Company's conclusion of contracts and from the high costs incurred with its significant investments in terms of time and human resources, which expenditures are usually not charged to or binding upon potential customers. The resources tied up in the sales process are not available to pursue other sales and marketing activities. InVision's competitors may, under certain circumstances, derive advantages therefrom and acquire customer orders at the InVision Group's expense. The InVision Group's annual result typically depend on a small number of projects that can be carried out in any given fiscal year. Annual results may therefore fluctuate considerably. Results may even fluctuate from one reporting period to another, for example as a consequence of delays in implementing projects. In addition to these fluctuations, most of the revenue is typically generated in the last months of a given fiscal year. Given the cyclical nature of the business, the InVision Group's financial figures reported in the annual and interim reports are of limited informative value.

The commercial success of InVision is dependent, above all, on the conclusion of new licence agreements or the extension of existing licences with current or new customers. Income from software maintenance or services cannot compensate for an insufficient number of executed licence agreements. InVision is, to only a limited extent, in a position to adjust its costs on short notice in order to take into account declining demand.

InVision relies on seasoned and well-trained sales staff and highly qualified employees in the Professional Services Division,

who support the sales team in its efforts by providing substantial support on technical questions. The future success of InVision will also depend on finding and retaining on a long-term basis highly qualified employees in these areas. It is precisely during periods of economic growth that the competition for employees with scientific, technical or industry-specific expertise becomes quite intense. It is therefore possible that the Company will be unable to promptly recruit new staff on the open labour market and that this may give rise to additional costs. The loss of qualified staff or long-term difficulties in hiring suitable employees may lead to InVision's inability to successfully implement important decisions and courses of action, which in turn would impair its business operations and could have a material adverse effect on the Company's financial condition and results of operation.

Just as the Group's active business operations require it to deploy a wide range of resources, so, too, do its efforts to develop new software and improve existing software solutions. The Company is of the opinion that in light of its liquidity, and taking account of short-term and medium-term liquidity planning, its equity capital base is sufficient for these purposes. There is still a risk, however, that the Company could require additional funding from public or private sources of financing, including debt and equity financing, or that it will enter into other agreements, particularly if negative variances from the Group's liquidity budget occur. Each time additional equity capital is raised, the ownership interests held of shareholders could be diluted. Debt capital financing may also subject the Company to limitations on its ability to pay dividends or other limitations, and may have a adverse effect on the Company's business risks. It may likewise not prove possible to raise adequate levels of funding (whether on the capital markets or from other sources) in a timely manner, or if such funding is available, it may be subject to conditions that are unacceptable to the Company. This could have an adverse effect on the Company's net assets, financial condition and results of operation, and on those of the InVision Group as a whole.

7. Supplement Report

After the end of the financial year, there were no special events which are of material importance to the annual financial statements.

8. Forecast Report and Opportunities

Anticipated global economic developments

According to forecasts issued by the International Monetary Fund (IMF), the global economy will once again experience growth of 3.9 percent in 2010 (prior year: 0.8 percent decline).

Whereas economic output in the United States is expected to grow by 2.7 percent in 2010 (prior year: 2.5 percent decline), the IMF is forecasting growth at a rate of 1.0 percent in the Eurozone during 2010, after output had declined in that area by 3.9 percent in 2009. The German economy is expected to report 1.5 percent growth, after having fallen by 4.8 percent in 2009. In general, the projected recovery will depend heavily on governmental economic support programmes and is still subject to a number of substantial risks.

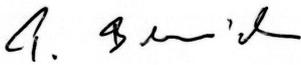
Anticipated development of InVision

Despite the economic climate, which remains poor despite discernible recovery trends, the current crisis has presented an opportunity for the InVision Group to successfully market its software solutions, with a particular focus on its own core markets. Both in 2009 and at the start of 2010, the Group has noted increased demand for software solutions that reduce costs and improve productivity, inasmuch as these are issues on which business customers are currently focused. The InVision Group can point to solutions offering ways of optimising staff deployment, which achieve substantial cost savings for customers and which means that the Group is able to exploit sales opportunities in this regard. The market for workforce management systems thus offers the Invision Group long-term potential for growth.

Specifically, the actions taken within the Group to reduce costs together with a plan to better exploit existing sales potentials are intended to reduce the outflow of the Group's liquid assets. The Group's cost base for 2010 was lowered from about EUR 20 million to approx. EUR 15 million. As of 31 March 2010, the InVision Group employed 189 staff members.

InVision is therefore forecasting revenue growth and profits for both 2010 and 2011.

Ratingen, 13 April 2010



Peter Bollenbeck
Executive Board chairman



Matthias Schroer
Executive Board member

Consolidated Balance Sheet

Consolidated Balance Sheet under IFRS as of 31 December 2009

Assets (EUR)	Notes	31 December 2009	31 December 2008
Short-term assets			
Liquid funds	(24)	3,511,602.97	11,071,314.94
Securities	(24)	1,000,000.00	1,139,927.60
Trade receivables	(25)	5,532,282.94	4,879,669.04
Income tax claims	(26)	413,814.97	120,310.77
Prepaid expenses and other short-term assets	(27)	531,347.54	610,327.31
Total short-term assets		10,989,048.42	17,821,549.66
Long-term assets			
Intangible assets	(30)	117,910.17	66,982.25
Tangible assets	(32)	378,046.09	433,241.98
Deferred tax assets	(28)	5,054,639.77	3,017,925.70
Other long-term assets	(33)	34,847.15	62,057.71
Total long-term assets		5,585,443.18	3,580,207.64
Total assets		16,574,491.60	21,401,757.30

Equity and liabilities (EUR)	Notes	31 December 2009	31 December 2008
Short-term liabilities			
Short-term liabilities owed to financial institutions	(34)	9,302.21	210,968.11
Trade payables	(34)	822,188.79	795,029.48
Provisions	(35)	1,299,518.06	1,657,019.78
Income tax provisions	(35)	20,303.74	1,300,349.15
Short-term share in deferred income and other short-term liabilities	(36)	3,217,739.31	1,518,827.01
Total short-term liabilities		5,369,052.11	5,482,193.53
Long-term liabilities			
Deferred taxes	(28)	125,300.00	228,140.00
Total long-term liabilities		125,300.00	228,140.00
Equity			
Subscribed capital	(37)	2,235,000.00	2,235,000.00
Capital reserves	(38)	20,616,179.21	20,616,179.21
Earnings reserves	(39)	1,414,177.33	1,414,177.33
Equity capital difference from currency translation	(40)	-578,598.58	-763,509.30
Gains/losses carried forward		-7,813,115.26	29,382.54
Group result		-4,723,388.26	-7,842,497.80
Minority shares		- 70,114.95	2,691.79
Total equity		11,080,139.49	15,691,423.77
Total equity and liabilities		16,574,491.60	21,401,757.30

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income under IFRS for the period 1 January 2009 through 31 December 2009

EUR	Notes	2009	2008
Revenues	(41)	11.972.410,15	11.929.905,69
Other operating income	(42)	434,421.28	194,608.95
Costs of materials/costs of goods and services purchased	(43)	-78,901.13	-430,882.48
Personnel costs	(44)	-12,618,915.85	-12,535,142.61
Amortisation/depreciation of intangible and tangible assets	(45)	-189,747.92	-175,892.25
Other operational expenditures	(46)	-6,513,487.69	-7.851.098,70
Operating result (EBIT)		-6.994.220,26	-8.886.501,40
Financial result interest income	(47)	20.023,45	496.132,43
Currency losses/gains		-119.206,59	546.837,67
Results before taxes (EBT) and minority shares		-7.093.403,40	-7.825.531,30
Income tax	(48)	2.293.782,55	-16.966,50
Consolidated net profit/loss		-4.799.620,85	-7.842.497,80
Minority shares		76,232.59	0.00
Group result		-4,723,388.26	2.609.560,22

Consolidated Cash Flow Statement

Consolidated cash flow statement as of 31 December 2009

Cash flow from operating activities (EUR)	2009	2008
Consolidated result	-4,723,388.26	-7,842,497.80
Depreciation and amortisation of fixed assets	189,747.02	175,892.25
Gains from the disposal of intangible and tangible assets	0.00	-316.24
Decrease/increase in provisions	-357,501.72	879,084.29
Decrease/increase in income tax liabilities	-1,280,045.41	657,336.44
Increase in deferred taxes	-2,139,554.07	-968,158.70
Other cash income	98,654.06	-434,327.60
Increase/decrease in trade receivables	-652,613.90	3,287,207.74
Decrease/increase in other assets and prepaid expenses	106,190.33	-190,068.39
Increase/decrease in income tax claims	-239,504.20	42,376.33
Increase in trade payables	27,159.31	315,416.11
Increase/decrease in other liabilities and deferred income	1,698,912.30	-129,502.11
Cash flow from operating activities	-7,325,944.54	-4,207,557.68
Cash flow from investing activities		
Payments made for investments in tangible assets	-90,864.11	-337,619.20
Payments made for investments in intangible assets	-89,125.27	-45,275.42
Proceeds from the disposal of intangible and tangible assets	0,00	316.21
Payments made for purchasing securities (funds)	-11,208,183.50	-3,000,000.00
Income from the distribution of securities (funds)	11,356,071.35	14,883,225.61
Cash flow from investing activities	-32,101.53	11,500,647.20
Cash flow from financing activities	0.00	0.00
Change in cash and cash equivalents	-7,358,046.07	7,293,089.52
Cash and cash equivalents at the beginning of the period	10,860,346.83	3,567,257.31
Cash and cash equivalents at the end of the period	3,502,300.76	10,860,364.83

Consolidated Notes

I. General Information

1. General information about the Company

The business activities of InVision Software Aktiengesellschaft, Ratingen (hereinafter also referred to as "InVision AG" or the "Company"), together with its subsidiaries (hereinafter also referred to as the "InVision Group" or the "Group"), include developing, selling and maintaining software products relating to workforce management and providing services in connection with the sale of the software products. The InVision Group does business primarily in Europe and the United States.

The Company's registered offices are located at Halskestraße 38, 40880 Ratingen, Germany. It is entered in the Commercial Register of the Municipal Court of Düsseldorf under registration number HRB 44338. InVision Software AG has been listed in the Prime Standard segment of the Frankfurt Stock Exchange under securities identification number 585969 since 18 June 2007.

The IFRS consolidated financial statements are expected to be approved by the Supervisory Board of InVision Software AG on 19 April 2010 and then cleared for publication.

2. Bases of the accounting

Bases for preparing the annual financial statements

Since it is listed on an regulated market, InVision Software AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The consolidated financial statements as of 31 December 2009 were prepared in accordance with the IFRS, which were promulgated by the International Accounting Standards Board (IASB), in force on the balance sheet closing date, and applicable in the European Union. The designation IFRS also includes the still valid International Accounting Standards (IAS) as well as the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretations Committee (IFRIC). The requirements under § 315a of the German Commercial Code (HGB) must also be taken into account.

All IFRS, IAS, IFRIC and SIC that are valid for the fiscal year ending 31 December 2009 have been applied in the consolidated financial statements.

Application of new and amended Standards

In fiscal year 2009, the following IAS/IFRS/IFRIC were endorsed

by the EU for adoption into EU law and/or must be applied for the first time. Most of them have little or no effect on the consolidated financial statements of InVision Software AG.

- IAS 1 Presentation of Financial Statements, in the version revised in 2007, was applied to the extent that the income statement was effectively expanded into a statement of comprehensive income and corresponding amendments were made to the statement of changes in equity.
- IAS 23 Borrowing Costs; since no qualified assets are manufactured, this standard is not applied.
- IFRS 2 Share-based Payment; neither InVision AG nor the subsidiaries included in the consolidated financial statements uses this form of payment.
- IFRIC 13 Customer Loyalty Programmes; no customer loyalty programmes are used that fall within the regulatory ambit of IFRIC 13.
- The amendments to the rules on "Puttable Financial Instruments and Obligations Arising on Liquidation" with their amendments in IAS 32, IAS 1, IFRS 7, IAS 39 and IFRIC 2 in the form endorsed by the EU on 21 January 2009 have no effect on the consolidated financial statements.
- The amendments, which were endorsed by the EU on 23 January 2009 and which are summarised in the IASB publication "Cost of an Investment in a Subsidiary, Jointly controlled Entity or Associate" and impact IAS 1, IAS 27, IAS 18, IAS 21 and IAS 36, have no effects on the consolidated financial statements of InVision AG.
- On 23 January 2009, the EU endorsed the "Annual Improvements Project" which, in addition to the editorial changes, could also affect the presentation, recognition and measurement. No substantive effects on the consolidated financial statements have arisen.
- IFRS 4 and IFRS 7 were endorsed by the EU on 5 March 2009 and relate to disclosures on the measurement of financial instruments at fair value and liquidation risks. If relevant, these disclosures have been made for the first time in these financial statements.
- The amendments to IAS 39 and IFRIC 9 regarding the treatment of embedded derivatives, which amendments were endorsed by the EU on 12 March 2009, do not apply to these consolidated financial statements since the Group does not use any derivatives.
- IFRIC 15 "Agreements for the Construction of Real Estate", which was endorsed on 22 July 2009, has no effect on the presentation of the business activities in these consolidated

financial statements.

- The amendments to IAS 39 and IFRS 7, which were endorsed by the EU on 15 October 2008 and 9 September 2009, have no effect since there were no reclassifications of financial instruments.

The following amendments of the IASB were not applied earlier in the existing consolidated financial statements. If amendments impact InVision AG, then the future effects on the consolidated financial statements will be examined. In most of these cases, the EU has also not yet endorsed the amendments.

- The amendments to IFRS 2, "Group Cash-settled Share-based Payment Transactions", published by the IASB on 18 June 2009, have no effects on the consolidated financial statements.
- In June 2009, IAS 27 (amended 2008), the consolidated and separate financial statements under the IFRS, and IFRS 3 (revised 2008) Business combinations, were all endorsed. The revised or supplemented Standards must by law be applied to the fiscal years beginning after 30 June 2009.
- Amendments to IAS 39 made in July 2008 and relating to risk positions that qualify for hedge accounting were endorsed by the EU on 15 September 2009. The provisions have no effect on these consolidated financial statements.
- The amendments to IAS 1, which the EU endorsed on 25 September 2009 and which relate to the formal structure of the Standard, will remain place without affecting the consolidated financial statements.
- IFRIC 17, Distribution of Non-cash Assets to Owners, was endorsed by the EU on 27 November 2009. The Interpretation will not be applied because non-cash dividends are not paid.
- IFRIC 18, Transfer of Assets from Customers, which was endorsed on 27 November 2009, will be effective with respect to the fiscal years beginning on or after 1 July 2009. The Interpretation will not affect the presentation of the business activities in the consolidated financial statements.
- The effects of the amendments to the second "Annual Improvements Project" will be applicable for the first time in those fiscal years that begin after 1 January 2010 and they have not yet been endorsed by the EU as of the balance sheet date.
- The amendments to IAS 32, "Classification of Rights Issued", which were endorsed by the EU on 23 December 2009, must be applied to the fiscal years beginning after 1 February 2010.
- Amendments related to IAS 24, Related Party Disclosures, have not yet been endorsed by the EU and would be required to be applied no earlier than to the fiscal years beginning after 1 January 2011.

- IFRS 9 "Financial Instruments" was issued by the IASB on 12 November 2009 and has to date not yet been endorsed by the EU.
- Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement" and IFRIC 19 "Extinguished Financial Instruments with Equity Instruments" must be applied for the first time to the fiscal years beginning after 1 January 2011 and have not yet been endorsed by the EU.

3. Group of consolidated companies

The consolidated financial statements cover InVision Software AG as well as the following subsidiaries:

- InVision Software Limited, London, United Kingdom
- WFM Software AB, Stockholm, Sweden
- InVision Software OÜ, Tallinn, Estonia
- InVision Software SAS, Paris, France
- InVision Software S.r.l., Milan, Italy
- InVision Software Systems S.L., Madrid, Spain
- InVision South Africa (Pty) Ltd., Cape Town, South Africa
- InVision Software GmbH, Zurich, Switzerland
- InVision Software BV, Arnheim, The Netherlands
- InVision IT-Systems GmbH, Vienna, Austria
- InVision Software Inc., Lisle, IL, United States
- InVision Intellectual Property AG, Baar, Switzerland
- InVision Software (Deutschland) GmbH, Ratingen, Germany.
- InVision Consulting International GmbH, Baar, Switzerland (80%), which holds a share of:
 - Core Practice LLC, Lisle, IL, United States (51%)

Unless otherwise indicated, InVision Software AG directly holds 100% of the shares in each of the subsidiaries.

Pursuant to a spin-off resolution adopted on 27 March 2009 and a shareholder resolution dated 19 May 2009, InVision Software (Deutschland) GmbH, Ratingen, was spun-off into a newly-formed company, which will be included in the consolidated financial statements for the first time in this fiscal year.

4. Consolidation principles

The consolidated annual financial statements comprise the annual financial statements of InVision Software AG and its subsidiaries as of 31 December of each fiscal year. The annual financial statements of the subsidiaries are prepared under the application of uniform accounting and valuation methods as of the same balance sheet closing date as the annual financial statements of the parent company.

The balance sheet closing date of all subsidiaries integrated into the consolidated financial statements is 31 December of the relevant applicable financial year.

All intra-Group account balances, transactions, income, expenses, profits and losses from intra-Group transactions, which are contained in the book value of assets, are eliminated in full.

Subsidiaries are fully consolidated as of the date of their formation or acquisition (i.e., as of the date on which the Group acquires control over them). The inclusion of these subsidiaries in the consolidated accounts will end as soon as the parent company's control no longer exists.

Newly-formed subsidiaries are consolidated using the acquisition method pursuant to IFRS 3.

Under that method, acquisitions costs of the business combination are apportioned to the identifiable assets, which are acquired and to the identifiable liabilities and contingent liabilities, which are assumed, based on their fair values as of the date of acquisition. The expenses and income, which have accrued since the acquisition, are included in consolidated accounts.

II. Accounting and Valuation Principles

5. General

Except with respect to the new measurement of certain financial instruments, the consolidated financial statements were prepared on the basis of historical acquisition or production costs (costs). Historical costs are based in general on the fair value of the consideration paid in exchange for the asset.

The balance sheet was structured according to short-term and long-term assets and liabilities. The statement of comprehensive income is prepared using the cost of production method.

6. Reporting currency

The consolidated financial statements are prepared in Euro since the majority of the Group transactions are based on this currency. Unless otherwise indicated, all figures herein have been rounded up or down to the nearest thousand (TEUR) in accordance with commercial practices. The figures are shown in Euro (EUR), in thousand Euros (TEUR) or in million Euros (MEUR).

The exchange rates, which were used as the basis for converting the currencies, developed as follows:

Currency	Average exchange rate on the balance sheet closing date	Prior year	Annual average exchange rate	Prior year
USD	1.4303	1.3977	1.3934	1.4709
GBP	0.8932	0.9600	0.8912	0.7967
CHF	1.4886	1.4860	1.5099	1.5869
EEK	15.6484	15.6100	15.6156	15.6166
SEK	10.2628	10.9150	10.6218	9.6166
ZAR	10.5714	13.1698	11.6922	12.0694

7. Currency translation

Each company within the Group stipulates its own functional currency. The items reported in the financial statements of each company are valued using that functional currency. Foreign currency transactions will be initially converted into the functional currency at the currency spot rate applicable on the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency will be converted into the functional currency at the exchange rate applicable on each relevant reporting date. All differences in the exchange rates will be booked as income or expense on the income statement. This treatment does not apply to any exchange rate differences arising from foreign currency transactions, if they are used to hedge a net investment of a foreign operation. These differences are recognised directly in equity capital until the net investment is sold, and recognised in the period results only after such sale. Any deferred taxes resulting from the currency differences of such foreign currency credits will also be recognised directly in equity capital. Non-monetary items, which were valued at historical costs in a foreign currency, are converted at the exchange rate applicable on the date of the transaction.

Non-monetary items, which are measured at their fair value in a foreign currency, will be converted at the exchange rate applicable on the date that the fair value is measured.

Assets and liabilities of foreign operations are converted into Euro as of the balance sheet date. The conversion of income and expenses shall be made at the average exchange rate for the fiscal year. Any differences resulting from these currency conversions will be booked as a separate component of the equity capital account.

Any goodwill acquired in connection with the purchase of a foreign operation and any adjustments in the book value of the assets and liabilities, which resulted from that transaction in order to accord with fair value, will be converted at the exchange rate applicable on the reporting date.

8. Intangible assets

Acquired intangible asset values are valued at the time of their receipt according to their cost of acquisition or cost of production.

Internally produced intangible assets are recognised when they can be identified and when it is likely that the Group will receive a future economic benefit from the asset and the asset's acquisition or production costs can be reliably determined. For subsequent valuations, the value of the intangible assets are recognised at their acquisition or manufacturing costs less the accumulated amortisation and less the accumulated impairment costs (shown under the amortisation item). Intangible assets are amortised on straight-line basis over their estimated useful life (3 to 5 years). The amortisation period and amortisation method are reviewed at the end of each financial year.

When producing new software and further developing existing software, it is not possible for the InVision Group to clearly and unequivocally demarcate the relevant software since the knowledge and improvements gained from producing new software and from the continued development of existing software are incorporated into other InVision Group products. Since not all criteria pursuant to IAS 38.57 were met by 31 December of the financial year, no development costs were capitalised.

9. Tangible assets

Tangible assets (computer hardware, tenant installations, fixtures and fittings relating to the business operation) are valued at the cost of acquisition or production less the accumulated depreciation. These assets are depreciated on a straight-line basis over the estimated useful life of the individual asset or asset category. The useful life for computer hardware is 3 to 5 years, and for the fixtures and fittings relating to the business operation, it is 5 to 10 years. Tenant installations are depreciated over the term of the tenancy or, if shorter, than over their useful life.

Subsequent expenditures made for a tangible asset are recognised at the costs of acquisition, if it is likely that the Group will receive a future economic benefit from it, and the costs for the asset can be reliably determined. Costs for repairs and mainten-

ance, which do not increase the estimated useful life of the tangible asset, are recognised in the period in which they are incurred and are reported on the income statement.

10. Accounting for leases

The determination of whether a contract is or contains a lease is made on the basis of the economic content of the contract, and requires an assessment about whether the fulfilment of the contract depends on the use of a specific asset or assets, and whether the contract grants a right to use the asset.

The Group acts as lessee only.

Any asset under a finance lease, according to which virtually all property-related risks and opportunities relating to the transferred asset are transferred to the Group, is recognised as an asset at the commencement of the lease term and valued at the lower of the then-current fair market value of the asset or at the present cash value of the minimum leasing payments to be made thereunder. These assets are subject to scheduled depreciation over the shorter of the two aforementioned time periods: i.e., the term of the lease or the economic useful life of the leased property. Lease payments are separated into their components of either financing costs and amortisation of the lease obligation in such a manner that the remaining residual book value of the lease will incur a constant rate of interest. The remaining leasing obligations as of the balance sheet closing date are itemised in the balance sheet according to their remaining terms to maturity.

Lease payments under operating leases are booked in the income statement as expenses arising over the term of the lease..

11. Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, unless the borrowing costs were incurred for the purchase, construction or production of qualified assets. In that case, the borrowing costs will be added to the production costs for such assets. During the fiscal year, the InVision Group had neither acquired nor produced qualified assets.

12. Impairment of non-financial assets

Non-financial assets are tested for impairment if facts or the changes in circumstances suggest that the book value of an asset is no longer recoverable. For the impairment test, the recoverable amount of the asset or the cash-generating unit must be determined. The recoverable amount is the higher of the fair value less the costs to sell and the value in use. The fair value less the costs to sell is defined as the price which two informed, contractually willing and independent business partners could achieve (less the costs to sell) when selling an asset or a cash-generating unit. The value in use of an asset or a cash-generating unit will be calculated by determining the present cash value of the estimated future cash flow based on the asset's or unit's current use. If the recoverable value is less than the book value, then the difference will be immediately written-off and entered in the income statement.

A correction to an impairment of a particular asset (except for goodwill) that had been previously recognised as an expense will be made if there is evidence that the impairment no longer exists or the amount of the impairment has declined. The recoverable value will be recognised as income in the income statement. The recoverable value (or the reduction in the amount of the impairment) of an asset will be recognised, however, only to the extent that it does not exceed the book value, which would have resulted had no impairment been recognised in the previous years (including the effects from amortisation or depreciation).

13. Financial investments and other financial assets

Financial assets within the meaning of IAS 39 are either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. Financial assets will be measured at fair value the first time the financial assets are recognised.

The classification of the financial assets into the measurement categories depends on their nature and the purpose of use, and will be made upon their initial recognition. To the extent it is permissible and required, reclassifications are made at the end of the fiscal year.

As of 31 December 2009, the Group had extended loans and receivables as well as available-for-sale financial assets.

All standard market purchases and sales of financial assets will

be recognised on the trade date; in other words, on the day on which the Group has entered into the obligation to purchase or sell the asset. Standard market purchases and sales are purchases and sales of financial assets, which prescribe the delivery of assets within a period of time that is set by market rules or market conventions.

Extended loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. These assets are measured at amortised costs using the effective interest method. Any gains or losses are recognised in the results for the period, if the loans and receivables have been derecognised or impaired or it has been done in connection with amortisation.

Available-for-sale financial assets are any non-derivative financial assets which are classified as available for sale and which are not classified in any one of the other three categories. After initial recognition, available-for-sale financial assets will be measured at fair value, whereby any gains or losses will be recognised separately under a separate account in equity capital. The accumulated gains or losses recognised in equity capital will be booked as income or expense in the income statement as of the time the financial investment is deemed derecognised or an impairment of the financial investment is determined. The fair value of financial assets that are traded on organised markets will be calculated on the balance sheet date by referencing the bid rate quoted on the stock exchange.

Financial assets are tested for impairment as of each balance sheet date. It is likely that with respect to financial assets recognised at their amortised costs, the company will be unable to collect all of the amounts owed under loans, receivables, or held-to-maturity investments pursuant to applicable contract terms and conditions, so that an impairment or write-down of receivables will be recognised on the income statement. The impairment loss is defined as the difference between the asset's book value and the present cash value of the anticipated future cash flows calculated using the effective interest method. The book value of the asset is reduced using a value adjustment account. The impairment loss will be recognised on the income statement. An impairment previously recognised as a cost will be adjusted into income on the income statement, if the subsequent partial recovered value (or reduction in the impairment amount) can be objectively attributed to a set of facts that tran-

spired following the original impairment. Any recovered value will be recognised, however, only if it does not exceed the amount of the amortised cost which would have resulted had the impairment not occurred. The financial asset will be derecognised if it is classified as non-recoverable.

As in 2008, the book values of the financial assets and liabilities for the most part matched the fair values.

14. Unfinished goods and services

Unfinished goods and services are valued according to the percentage-of-completion method. Accordingly, service agreements were recognised according to the degree to which the business thereunder was completed as of the balance sheet closing date. The degree of completion is calculated on basis of the actual man hours in relation to the amount of forecasted hours.

If the profit or loss from a production order cannot be reliably measured, then any income from that order, which is likely to be yielded, will be recognized but only in the amount of the order expenses.

Unfinished goods and services are reported in the balance sheet after deducting any advance payments which have been received but already reported as a trade receivable.

15. Short-term financial assets

Short-term financial assets comprise accounts receivable and other receivables. The accounts receivable are reported on the balance sheet according to the amount invoiced, less a bad debt allowance based on the obligor's credit rating. A bad debt allowance for accounts receivable will be made if it is likely that the total amount of the original invoice cannot be collected. The amount of the bad debt allowance will equal the face value of the account less the realisable amount which equals the present cash value of the anticipated cash flows.

16. Other short-term assets

Assets are recognised at their face or nominal value, but will be separately discounted in value if they are subject to identifiable risks.

17. Cash and cash equivalents

Cash and cash equivalents consist of credit balances held with financial institutions as well as securities which may be redeemed for cash on short notice. These credit balances held with financial institutions are valued at face or nominal value.

18. Taxes

Actual tax refund claims and taxes

The actual tax refund claims and tax debts for the current period and earlier periods must be valued at the amount at which a refund is expected from the tax authorities or a payment must be made to the tax authorities.

Deferred taxes

Deferred taxes are recognised under the liabilities method for all temporary differences between the tax basis of the assets/liabilities and their respective book values in the IFRS financial statements.

Deferred taxes are valued according to the tax rates (and tax regulations), which are effective as of the balance sheet closing date or which have for the most part been enacted into law, and the validity of which is expected on the date that the deferred tax receivable is realised and/or the deferred tax liability is settled.

Deferred tax receivables are recognised in an amount at which it is likely that taxable income will be available for crediting against the temporary differences.

The valuation of deferred tax assets for loss carry forwards and for deductible temporary differences depends on the future taxable earnings of the InVision Group companies. The estimate regarding such taxable earnings is made as of the balance sheet date using the updated budget forecast for a planning period of seven years. For purposes of recording as assets on the balance sheet deferred taxes that are based on the tax loss carry forwards, only those tax loss carry forwards, which are likely to be utilised based on the anticipated taxable income in the current budget forecast, will be recognised.

19. Provisions

A provision is shown only if the Company has a present (statutory or factual) obligation (liability) based a past event, if it is likely that the fulfilment of the obligation will lead to an outflow of funds representing an economic benefit, and if a reliable estimate of the amount of the obligation can be made. If no provision could be created because one of the criteria mentioned was not fulfilled, then the liabilities in question will be reported as contingent liabilities.

Provisions are examined on each balance sheet closing date and adjusted to accord with the best estimate as of that date. If there is an expectation that the expenditures, which are required to fulfill a deferred liability, will be reimbursed either in whole or in part by another party, then the reimbursement will be recognised only when it is nearly certain that the Group will receive the reimbursement.

20. Liabilities

The liabilities comprise the trade receivables, liabilities owed to shareholders, tax liabilities, interest owed, liabilities owed to employees, and other liabilities. When such items are recognised for the first time, they are booked at their costs of acquisition, which correspond to the attributable fair market value of the consideration received. Debts denominated in foreign currencies are valued at the exchange rate on the reporting date.

21. Revenue and cost recognition

The InVision Group's revenues are generated primarily by granting licences to their developed software products. The maintenance and care of these products is another source of income. The revenues from services are generated by integrating the software products, consultation, analysis services and customer-specific software customisation.

The revenues are reported less any discounts, customer bonuses and rebates. Agreements with several components (licences, maintenance, services) are internally allocated to their individual components, and the revenues are recognised on the basis of those individual components.

Licences

The InVision Group recognises its revenues as soon as the licence is delivered, the purchase price is fixed or determinable, no material duties exist and the collection of the account receivable is considered likely.

Maintenance

Revenues from maintenance contracts are recognised on a straight line basis pro rata temporis throughout the period during which they were invoiced. Maintenance contracts are usually invoiced to the end-customer once a year in advance and, thus, the pertinent revenue is recognised in a straight line basis over twelve months.

Services

Revenues from consulting, training and other implementation services are recognised as soon as the service has been rendered. A requirement is that the purchase price is fixed or determinable, and that the collection of the accounts receivable is considered likely.

Other income and expenses

Costs are recognised on the balance sheet when the benefit is

used and/or arises. Interest is recognised as either an expense and/or income according to the period in which it arose under the effective interest method. Rental payment costs under operating leases are likewise recognised on a straight line basis over the entire term of the lease irrespective of the payment arrangements made under such leases.

22. Contingent liabilities and contingent receivables

Contingent liabilities are either potential obligations, which could result in an outflow of resources, the existence of which must still be confirmed, however, through the occurrence or non-occurrence of one or more future events, or current obligations, which do not satisfy the recognition criteria of a liability. These items are listed separately in the notes, unless the possibility that resources with economic benefits will be lost is unlikely. There were no contingent liabilities in the fiscal year.

In connection with business combinations, contingent liabilities will be recorded as liabilities on the balance sheet pursuant to IFRS 3.37, if the fair value can be reliably calculated.

Contingent receivables are not recognised in the financial statements. They are, however, listed in the notes if a receipt of economic benefits is likely.

23. Management discretion and the main sources of forecasting uncertainty

When preparing the consolidated financial statements, some assumptions and estimates must be made, which have an effect on the amount and reporting of the recognised assets and liabilities, the income and expenses and the contingent liabilities for the reporting period. These assumptions relate primarily to the assessment of the carrying value of assets, the percentage-of-completion measurement with respect to jobs in progress, uniform Group determination of the economic useful lives of tangible assets, and the accounting and valuation of provisions. The assumptions and estimates are based on premises derived from available information at the time in question. The basis for the anticipated future business development are the circumstances present at the time the consolidated financial statements were prepared and a realistic scenario of the future development of the overall environment. If these framework conditions deviate from the assumptions made and cannot be influenced by management, then the resulting figures could deviate from the originally anticipated estimates.

III. Notes to the Consolidated Balance Sheet

24. Liquid funds (cash and cash equivalents)

The liquid funds are divided between the following two categories:

	31 Dec 2009 TEUR	31 Dec 2008 TEUR
Credit balances held with financial institutions	3,512	11,071
Securities	1,000	1,140
Total	4,512	12,211

The liquid funds and securities include only cash and cash equivalents, which are subject to little fluctuation in value and have a term to maturity of less than 12 months calculated from the date of acquisition.

25. Trade receivables

Trade receivables (net) have a term to maturity of up to one year and consist of the following items:

	31 Dec 2009 TEUR	31 Dec 2008 TEUR
Trade receivables	5,649	4,616
Receivables from POC	119	400
Bad debt allowances	-236	-137
Total	5,532	4,879

The receivables from POC include receivables resulting from the partial recognition of service income. This item is calculated by multiplying the estimated degree of completion on any given project with that project's volume, less any amounts previously invoiced. In the financial year, the directly attributable costs for the receivables from POC were TEUR 107 (2008: TEUR 160).

The values of individual trade receivables are adjusted when needed.

26. Income tax claims

The income tax claims contain refund claims from previous years.

27. Prepaid expenses and other short-term assets

Prepaid expenses and other short-term assets include:

	31.12.2009 in TEUR	31.12.2008 in TEUR
Prepaid items	226	327
Domestic value added tax	104	131
Employee claims	12	3
Other miscellaneous assets	189	149
Summe	513	610

28. Deferred taxes

The following table sets forth the status of deferred tax assets and liabilities according to the balance sheet items as of 31 December 2009:

	31 Dec 2009 TEUR Assets	1 Dec 2009 TEUR Liabilities
Deferred taxes based on temporary differences		
- of the provisions and reserves/ general valuation allowance	0	14
- afrom trade receivables	0	104
- from prepaid items	0	7
- from licence valuations	260	0
Subtotal	260	125
Deferred taxes based on losses carried forward	4,795	0
Total	5,055	125

The following table shows the status of deferred tax assets and liabilities according to the balance sheet items as per 31 December 2008:

	31 Dec 2008 TEUR Assets	1 Dec 2008 TEUR Liabilities
Deferred taxes based on temporary differences	0	23
- of the provisions and reserves/ general valuation allowance	0	124
- afrom trade receivables	0	81
- from prepaid items	312	0
Subtotal	312	228
Deferred taxes based on losses carried forward	2,706	0
Total	3,018	228

Deferred tax claims based on unused tax loss carry-forwards were recognised to the extent that it is likely that such tax loss carry-forwards could be used and applied against future taxable profits. The deferred tax claims were calculated on 100 percent of the tax loss carry-forwards.

29. Development of long-term assets

The consolidated asset movement schedule for financial year 2009 is appended to the consolidated notes as an annex.

30. Intangible assets

Intangible assets consist primarily of software and industrial property rights acquired for consideration. These assets are valued at their historical costs of acquisition, less the scheduled amortisation. With respect to scheduled amortisation, the software acquired for consideration and the industrial property rights were amortised according to their expected useful life (3 years). Assets based on financial leases are subject to scheduled amortisation over the term of the lease (3 years).

34. Liabilities

Liabilities may be allocated as follows:

TEUR	Short-term		Long-term		Total	
	Financial year	Previous year	Financial year	Previous year	Financial year	Previous year
Short-term liabilities owed to financial institutions	9	211	0	0	9	211
Trade payables	822	795	0	0	822	795
Provisions	1,300	1,657	0	0	1,300	1,657
Income tax liabilities	20	1,300	0	0	20	1,300
Deferred income and other short-term liabilities	1,682	245	0	0	1,682	245
Total	5,369	5,482	0	0	5,369	5,482

31. Research and development expenses

The expenses for research and development totalled TEUR 5,290 in the financial year (2008: TEUR 5,340).

32. Tangible assets

Tangible assets consist of fixtures and fitting purchased for business operations and are recognised at their historical costs of acquisition, less any scheduled depreciation if the assets are subject to wear and tear. Tangible assets are depreciated on straight line basis over their useful life (3 to 13 years). The carrying value of the tangible assets is subject to impairment testing. None of these assets have been subject to non-scheduled depreciation. Low value items [geringwertige Wirtschaftsgüter] costing EUR 150 or less were completely written off in the year in which they were acquired.

33. Other long-term assets

Other long-term assets consist only of security deposits paid for leased office space.

35. Income tax liabilities and provisions

Income tax liabilities and provisions developed as follows:

TEUR	as of 1 Jan 2009	Utilisation	Reversal	Allocation	Currency differenc	as of 31 Dec 2009
Income tax liabilities	1,300	1,277	16	13	0	20
Provision for						
- personnel expenses	679	578	101	552	0	552
- trade associations	16	13	3	13	0	13
- outstanding invoices	289	219	16	174	0	228
- annual accounts costs	76	76	0	108	0	108
- litigation costs	211	16	44	209	0	360
- warranties	340	340	0	0	0	0
Miscellaneous provisions	46	9	0	2	0	39
Subtotal	1,657	1,251	164	1,058	0	1,300
Total	2,957	2,528	180	1,071	0	1,320

The provisions for personnel expenses related primarily to special annual payments and holiday pay.

The provisions for litigation costs include, above all, anticipated expenditures in connection with pending or potential legal disputes with customers.

36. Deferred income and other short-term liabilities

The item, "deferred income and other short-term liabilities", includes the following:

TEUR	Short-term		Long-term		Total	
	Financial year	Previous year	Financial year	Previous year	Financial year	Previous year
Deferred income from maintenance contracts	1,682	245	0	0	1,682	245
Value added tax	584	119	0	0	584	119
Payroll tax	183	282	0	0	183	282
Social security charges	221	309	0	0	221	309
Salaries	416	283	0	0	416	283
Swiss Stamp Tax	0	97	0	0	0	97
Other miscellaneous liabilities	132	184	0	0	132	184
Total Liabilities	1,536	1,274	0	0	1,536	1,274
Total	3,218	1,519	0	0	3,218	1,519

37. Subscribed capital

The registered share capital of InVision Software AG is reported as the subscribed capital. The subscribed capital of EUR 2,235,000 is divided into 2,235,000 no par value shares, each such share representing a notional amount of EUR 1.00 of the Company's registered share capital.

The Shareholders' Meeting held on 13 March 2007 authorised the Executive Board of InVision Software AG, with the consent of the Supervisory Board, to increase the company's registered share capital one or more times by up to EUR 760,002 (Authorised Capital Account I/2007).

Pursuant to a resolution of the Shareholders' Meeting adopted on 19 May 2009, the company was also authorised to buy-back its own shares for up to 10% of the registered share capital existing on the date the resolution was adopted. The authorisation should apply until 18 November 2010.

38. Capital reserves

The capital reserves include the net proceeds from the capital increase carried out on 18 June 2007 in connection with the Company's initial listing on the Frankfurt Stock Exchange. The costs of the initial public offering were booked against the capital reserves (upon factoring in the tax effects) and not reported in the income statement.

39. Earnings reserves

The earnings reserve account includes appropriation to the statutory reserves as well as adjustments to the opening consolidated balance sheet as of 1 January 2004. The adjustments include primarily deferred tax assets based on losses carried forward until 31 December 2003.

40. Equity capital differences based on currency conversion

The equity difference from currency translation is a result of converting on the basis of the modified closing date method [modifizierte Stichtagsmethode].

The difference arises from converting the items on the income statements of the subsidiaries, which had rendered their accounts in a foreign currency, at the average exchange rate and the equity capital of those subsidiaries at the historical rate of the initial consolidation, on the one hand, and to the closing date rate [Stichtagskurs], on the other hand.

IV. Notes to the consolidated statement of comprehensive income

41. Revenues

Revenues categorised according to business activities are as follows:

	2009 TEUR	2008 TEUR
Business activities		
Licences	4,689	3,374
Maintenance	4,331	3,877
Services	2,952	4,679
Total	11,972	11,930

Revenues categorised according to regions are as follows:

	2009 TEUR	2008 TEUR
Region		
Germany, Austria, Switzerland	5,601	7,396
Other foreign countries	6,371	4,534
Total	11,972	11,930

Revenues categorised according to certain industries or sectors are as follows:

	2009 TEUR	2008 TEUR
Sector		
Call Center	7,753	6,848
Other sectors	4,219	5,082
Total	11,972	11,930

42. Other operating income

Other operating income may be broken down as follows:

	2009 TEUR	2008 TEUR
Income from reversing or liquidating provisions	164	18
Refund INVEST NORTHERN IRELAND	148	63
Income from reducing bad debt allowances	46	8
Income attributable to other periods	6	61
Income from cost transfers	3	17
Income from the sale of long-term assets	2	0
Other miscellaneous income	65	27
Total	434	194

43. Costs of materials

Costs of materials consist only of expenses for goods and services purchased.

44. Personnel costs

Personnel costs consist of the following:

	2009 TEUR	2008 TEUR
Wages and salaries	10,397	10,341
Social charges and other pension expenses	2,222	2,194
Total	12,619	12,535
- of which for pensions (direct insurance)	15	15

The direct insurance policies are classified as a defined contribution plan.

45. Amortisation and depreciation of intangible and tangible assets

No assets were subject to impairment. Thus, this item consists of only scheduled amortisation and depreciation.

46. Other operational expenditures

The other operational expenditures may be broken down as

	2009 TEUR	2008 TEUR
Office space expenses	1,121	1,155
Consulting costs	700	711
Marketing and advertising costs	631	1,116
Miscellaneous third party services	614	620
Losses on accounts receivables	597	1,353
Vehicle expense	486	512
Travel expenses	454	669
Communication expenses	288	362
Leasing and maintenance costs	248	136
Restructuring office Leipzig	209	0
Warranty expense	0	340
Other expenses	1,165	877
Total	6,513	7,851

47. Financial result

Financial result may be divided as follows:

	2009 TEUR	2008 TEUR
Other interest and similar income	86	560
Interest and similar expenses	-66	-64
Total	20	496

Debt capital costs were recognised as an expense in the period in which they were incurred.

48. Income taxes

Income taxes may be divided as follows:

	2009 TEUR	2008 TEUR
Income tax	154	-985
Deferred taxes	2,140	968
Total	2,294	-17

Detailed information about the deferred tax assets and liabilities, which must be set aside, may be found in the preceding subsection 19. The basis used for setting aside the deferred taxes is an income tax rate of 30 percent for the domestic corporation and the future local tax rate for the foreign subsidiaries. It is also assumed that on the basis of the current tax legislation, any existing tax loss carry-forwards may continue to be used for an indefinite period into the future. The deferred tax assets will be reduced in the future by the recognised tax loss carry-forwards to the extent that the Company generates profits.

The actual tax rate may be shown as follows:

	2009 TEUR	2008 TEUR
Consolidated net income/loss before taxes and minority shareholdings	-7,093	-7,825
Income tax	2,294	-17
Actual tax rate	32,3%	0,2%

The difference between the theoretical income tax expense (when applying the tax rate applicable to the InVision Group) and the reported income tax expense may be attributed to the following causes:

	2009 TEUR	2008 TEUR
Result before income tax	-7,093	-7,825
Calculated income tax revenue/expense (30%, 2008: 30%)	2,128	-2,347
International tax rate differentials	52	2,243
Tax add-backs	103	92
Other discrepancies	11	-5
Total	2,294	-17

V. Notes to the Consolidated Cash Flow Statement

The cash flow statement shows the InVision Group's incoming and outgoing cash payments in the financial year. Under IAS 7, cash flow is distinguished between cash flow from operating activities, cash flow from investing activities and cash flow from financing activities.

The net financial position reflected in the cash flow statement consists of all liquid funds, which are reported on the balance sheet (i.e., cash on hand and credit balances at financial institu-

tions) and which can be reduced to cash within three months (calculated from the date acquired) without any significant fluctuation in value, less any short-term liabilities. The cash flows from investing and financing activities are computed directly (i.e., on a cash basis). In contrast, cash flows from operating activities are derived indirectly from the results for the period. Cash flows from operating activities include the following incoming and outgoing payments:

	2009 TEUR	2008 TEUR
Interest received	86	804
Interest paid	66	64
Income taxes paid	154	336

The net financial position shown in the cash flow statement is derived as follows from the inventory of liquid funds reported in the consolidated cash flow statement:

	2009 TEUR	2008 TEUR
Liquid funds	3,512	11,071
Less short-term liabilities	-10	-211
Net financial position	3,502	10,860

VI. Other Information

49. Miscellaneous financial obligations

As of the balance sheet closing date, there were other financial obligations arising from leases, primarily for intangible assets, office space and fixtures and fittings for business operations in the following amounts:

2009 TEUR	less than 1 year	between 1 and 5 years	Total
Lease obligations	1,180	2,065	3,245

50. Contingent liabilities

	2009 TEUR	2008 TEUR
Non-payment guarantee in favour of INVEST NORTHERN IRELAND for subsidies granted, or support services provided, to InVision Software Ltd., UK	124	124

51. Financial assets and liabilities

The main financial liabilities existing in the Group are short-term liabilities arising from accounts payable. The significant assets of the Group consist of cash and cash equivalents, securities as well as accounts receivable. The book value of the financial assets as stated in the consolidated financial statements, less any write-downs, represents the maximum default risk and equals a total of TEUR 7,064 (2008: TEUR 5,490). Business relationships are established with creditworthy contracting parties (counterparties) only.

In order to evaluate the creditworthiness of counterparties (including large customers), the Group relies on available financial information and its internal trading records. The Group holds trade receivables against a number of customers from a wide range of industries and regions. Credit assessments about the financial strength of the receivables are constantly performed. The typical terms of payment granted (with no discounts or deductions) are 30 days. No bad debt allowances were created for TEUR 2.218 (2008: TEUR 1.139) in trade receivables, which were overdue as of the balance sheet date, since no material changes in the relevant customers' creditworthiness were identified and these outstanding amounts appear likely to be paid.

Market risks can arise from changes in exchange rates (currency risk) or interest rates (interest risk). Given the limited relevance these risks have for the Group, the Group has not heretofore hedged such risks using derivative financial instruments. These risks are managed through constant monitoring. Currency risks are largely avoided by virtue of the fact that the Group invoices primarily in Euro or in the local currency.

The Group holds securities totaling TEUR 1,000, which are recognized on the income statement at their current market value.

Moreover, in 2009 or 2008, the Group did not hold any assets for trading purposes and any financial liabilities, which were recorded in the income statement and appraised at their current fair market value. The Group also did not execute any derivatives or hedging transactions. Reclassifications were not made either in 2009 or 2008.

52. Capital risk management

The Group manages its capital (equity capital plus debt less cash and cash equivalents) with the goal of using financial flexibility to achieve its growth targets while simultaneously optimising its financing costs. This overall capital management strategy has remained the same since the previous year.

Management reviews the capital structure at least once each half-year. The review covers the capital costs, the security and collateral provided, and the open credit lines and credit options. During the reporting year, the capital structure may be shown as follows:

	31.12.2009	31.12.2008
	TEUR	TEUR
Equity capital	11,080	15,691
- percentage of total capital	66.9%	73.3%
Liabilities	5,494	5,710
- percentage of total capital	33.1%	26.7%
Short-term liabilities	5,369	5,482
- percentage of total capital	32.4%	25.6%
Long-term liabilities	125	228
- percentage of total capital	0.7%	1.1%
Gearing*	9%	-41%

* calculated as the ratio of liabilities (less any cash and cash equivalents) to equity capital

53. Finance risk management

The monitoring of finance risk is handled by management on a centralised basis. Individual financial risks are generally reviewed at least once each quarter.

The Group's primary risks resulting from financial instruments encompass liquidity and credit risks. As a rule, business transactions are executed only with creditworthy contracting parties. In order to evaluate the creditworthiness of the contracting parties, particularly larger customers, the Group relies on assessments made by independent ratings agencies, on other available financial information and on its own trading records. Moreover, the amounts of any receivables are constantly monitored in order to avoid exposing the InVision Group to any significant credit risk. The maximum default risk is limited to the book value of the asset as reported in the balance sheet.

The Group manages liquidity risks by holding adequate reserves, monitoring and maintaining credit agreements, and planning and coordinating incoming and outgoing payments.

54. Market risks

Market risks can arise from changes in exchange rates (currency risk) or interest rates (interest risk). Given the limited relevance these risks have for the Group, the Group has not heretofore hedged such risks using derivative financial instruments. These risks are managed through constant monitoring. Currency risks are largely avoided by virtue of the fact that the Group invoices primarily in Euro or in the local currency. As of the balance sheet date, the receivables denominated in foreign currencies equalled TEUR 1.280 (2008: TEUR 665) and the payables denominated in foreign currencies equalled TEUR 94 (2008: TEUR 110). Had the Euro appreciated (depreciated) by 10 percent compared to other currencies relevant to the Group as of 31 December 2009, then the pre-tax result would have been TEUR 126 (2008: TEUR 55) lower (higher). The securities are fixed-interest securities.

55. Transactions between related parties

Enterprises and parties, who are deemed "closely related" within the meaning of IAS 24, include members of the Executive Board and Supervisory Board and their close relatives as well as any enterprises, over which members of the Executive Board exert a controlling influence.

TEUR	2009	2008
eTimum Software GmbH Consulting services	454	426
Christof Bollenbeck Consulting services	38	26
Esmé Bollenbeck Salary	87	90
Total	579	542
eTimum Software GmbH Rental income	8	8
Total	8	8

56. Events after the balance sheet closing date

After the close of the fiscal year, no further transactions of any special significance occurred, which would be of material importance for the consolidated financial statements.

57. Number of employees

In financial year 2009, the Company employed an average of 223 (previous year: 225) workers.

58. Information on the Company's governing bodies

The following persons were members of the Executive Board in the fiscal year:

- Peter Bollenbeck (Chairman), Düsseldorf
- Matthias Schroer, Mülheim an der Ruhr

The total remuneration paid to the Executive Board members in financial year 2009 was:

TEUR	2009	2008
Peter Bollenbeck	206	206
Matthias Schroer	203	201
Total	409	407

As of 31 December 2009, members of the Executive Board held a total of 760,000 shares of the Company.

The Supervisory Board consists of:

- Dr. Thomas Hermes (Chairman), Attorney-at-Law and Notary, Essen
- Dr. Christof Nesemeier (Deputy Chairman), Executive Board chairman of MBB Industries AG, Berlin
- Prof. Dr. Wilhelm Müller, University professor, Essen

Dr. Thomas Hermes is the Deputy Supervisory Board chairman of Wohnungsgenossenschaft Essen-Nord eG.

Dr. Christof Nesemeier is the Supervisory Board chairman of Delignit AG, Blomberg.

Professor Dr. Müller does not sit on any other supervisory boards.

The remuneration of the Supervisory Board in fiscal year 2009 was TEUR 30 (2008: TEUR 28).

59. Information on the Company auditors

The fees paid for the annual company audit and other services in the financial year 2009 were:

TEUR	2009
Auditing services for annual accounts	81
Tax advisory services	8
Other services	32
Total	121

60. Information on segment reporting

The products and services sold by the InVision Group constitute a single unitary business segment. The core of the business model is the sale and maintenance of licences as well as services directly related thereto. The Group provides no services which are unrelated to the licences sold. Thus, licence development and sales, licence maintenance and services collectively represent a single integrated unit.

The geographic markets, in which the InVision Group is present, constitute a single unitary geographic segment. The same products and services are sold in all markets, all regions fall under a unitary supra-regional management system, and human resources are deployed across regions. In addition, the overall economic and political conditions in these geographic areas are similar.

Given the uniformity of services provided and geographic markets of the InVision Group companies, no apportionment into separate reporting segments was carried in fiscal year 2009.

61. Earnings per share

Earnings per share were calculated by dividing the periodic earnings, which are attributable to InVision Software AG shareholders, by the average weighted number of shares issued and outstanding during the reporting period. InVision Software AG has issued only ordinary shares. In fiscal year 2008, there was an average of 2,235,000 shares issued and outstanding.

Earnings per share for this period were therefore EUR -2,11 compared to EUR -3.51 in the previous year (based on the same number of shares issued).

62. Statements under § 161 of the German Stock Corporation Act

As a publicly listed stock corporation, InVision Software AG is obligated under § 161 of the German Stock Corporation Act (AktG) to issue a statement regarding the extent to which it has elected to comply with the recommendations of the "Government Commission of the German Corporate Governance Code". The Executive Board and Supervisory Board issued this statement on 23 January 2009. This statement together with the annual financial statements and consolidated financial statements will be published and also made available to the shareholders at http://www.invisionwfm.com/uk/global_pages/investor_relations/corporate_governance/compliance_statement.

63. Responsibility statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the Group's assets, liabilities, financial position and results of operation, and the Group's management report includes a fair review of the development and performance of the business, together with a description of the principal opportunities and risks related to the anticipated development of the Group for the remainder of the fiscal year.

Ratingen, 13 April 2010



Peter Bollenbeck
Executive Board chairman

Matthias Schroer
Executive Board member

Annex to the Consolidated Notes

Group Asset Movement Schedule for the InVision Software Group from 1 January through 31 December 2008

TEUR		Status as of 1 Jan. 2008	Additions	Disposals	Currency Differences	Status as of 31 Dec. 2008
Concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	Gross	228	45	0	0	273
	Value adjustment	164	42	0	0	206
	Net	64	3	0	0	67
Other equipment, plant and office equipment	Gross	787	338	0	-10	1,115
	Value adjustment	564	134	0	-16	682
	Net	223	204	0	6	433
Long-term assets	Gross	1015	383	0	-10	1,388
	Value adjustment	728	176	0	-16	888
	Net	287	207	0	6	500

Group Asset Movement Schedule for the InVision Software Group from 1 January through 31 December 2009

TEUR		Status as of 1 Jan. 2009	Additions	Disposals	Currency Differences	Status as of 31 Dec. 2009
Concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	Gross	273	89	80	0	282
	Value adjustment	206	38	80	0	164
	Net	67	51	0	0	118
Other equipment, plant and office equipment	Gross	1,115	91	341	9	874
	Value adjustment	682	152	341	3	496
	Net	433	-61	0	6	378
Long-term assets	Gross	1,388	180	421	9	1,156
	Value adjustment	888	190	421	3	660
	Net	500	-10	0	6	496

Consolidated Statement of Equity under IFRS as of 31 December 2009

EUR	Equity capital of the parent company's shareholders								Total
	Subscribed capital	Capital reserves	Statutory reserves	Other earnings reserves	Equity capital differences from currency translation	Group result	Equity	Minority shares	
31 December 2007	2,235,000.00	20,616,179.21	78,988.99	1,335,188.34	-200,525.42	29,382.54	24,094,213.66	0.00	24,094,213.66
Period result	0.00	0.00	0.00	0.00	0.00	-7,842,497.80	-7,842,497.80	0.00	-7,842,497.80
Minority shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,691.79	2,691.79
Exchange rate difference from converting foreign financial statements	0.00	0.00	0.00	0.00	-562,983.88	0.00	-562,983.88	0.00	-562,983.88
Total recognised expenses/income	0.00	0.00	0.00	0.00	-562,983.88	-7,842,497.80	-8,405,481.68	0.00	-8,405,481.68
31 December 2008	2,235,000.00	20,616,179.21	78,988.99	1,335,188.34	-763,509.30	-7,813,115.26	15,688,731.98	2,691.79	15,691,423.77
Period result	0.00	0.00	0.00	0.00	0.00	-4,799,620.85	-4,799,620.85	0.00	-4,799,620.85
Minority shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,425.85	3,425.85
Minority share in the result for the period	0.00	0.00	0.00	0.00	0.00	76,232.59	76,232.59	-76,232.59	0.00
Exchange rate difference from converting foreign financial statements	0.00	0.00	0.00	0.00	184,910.72	0.00	184,910.72	0.00	184,910.72
Total recognised expenses/income	0.00	0.00	0.00	0.00	-184,910.72	-4,723,388.26	-4,538,477.54	0.00	-4,538,477.54
31 December 2009	2,235,000.00	20,616,179.21	78,988.99	1,335,188.34	-578,598.58	-12,536,503.52	11,150,254.44	-70,114.95	11,080,139.49

Special Schedule of Shareholdings as of 31 December 2009

The Group parent company holds the following shares:

Company Name	Registered Office	Share in percent	Earnings for the financial year (EUR)	Equity Capital (EUR)
InVision Software SAS	Paris/France	100.0	-609	-1,096
WFM Software AB	Stockholm/Sweden	100.0	17	28
InVision Software Ltd.	London/United Kingdom	100.0	-399	640
InVision South Africa (Pty) Ltd.	Cape Town/South Africa	100.0	-84	24
InVision Software S.r.l.	Milan/Italy	100.0	-791	39
InVision Software Systems S.L.	Madrid/Spain	100.0	-315	10
InVision Software OÜ	Tallinn/Estonia	100.0	246	3,371
InVision Software GmbH	Zurich/Switzerland	100.0	26	95
InVision Software Inc.	Lisle, IL/USA	100.0	-1,016	-1,198
InVision Software B.V.	Arnhem/The Netherlands	100.0	-234	-587
InVision IT-Systems GmbH	Vienna/Austria	100.0	-288	-452
InVision Intellectual Property AG	Baar/Switzerland	100.0	-60	-47
InVision Software (Deutschland) GmbH	Ratingen/Germany	100.0	-2,671	-2,541
InVision Consulting International GmbH	Baar/Switzerland	80.0	-60	-47
Core Practice LLC.	Chicago/USA	51.0	-108	-99

Independent Auditors' Report

To InVision Software AG

We have audited the consolidated financial statements prepared by InVision Software AG, Ratingen, 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 period from 1 January 2009 through 31 December 2009. The preparation of the consolidated financial statements and the group management report in accordance with the IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) HGB [“Handelsgesetzbuch”: German Commercial Code] are the responsibility of the Company's legal representatives. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and the German generally accepted standards for the audits of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements and group management reporting 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 financial statements of the entities included in the consolidated financial statements, the determination of entities to be included in the consolidation, the accounting and consolidation principles used and significant estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements. 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 § 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, 14 April 2010

Verhülsdonk & Partner GmbH
Audit firm
Tax consulting company

Hillesheim
German CPA

Grote
German CPA

Financial Calendar 2010

Publication of the report for the first quarter of 2010	31 May 2010
Annual Shareholders' Meeting	24 August 2010
Publication of the report for the second quarter of 2010	31 August 2010
Analysts' conference German Equity Forum – Fall 2010, Frankfurt/Main	22-24 November 2010
Publication of the report for the third quarter of 2010	30 November 2010

Publication Credits

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