Quarterly Financial Report

as at March 31, 2011

_betasystems

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I. AT A GLANCE

All amounts in thousands of euros (k€) unless otherwise indicated.

Key figures	Q1/2011	Q1/2010	Change
Revenues	8,920	10,028	(1,108)
Operating result	(2,344)	(1,596)	(748)
Result before income taxes	(2,186)	(1,711)	(475)
Net income (loss) for the fiscal period	(1,530)	(1,288)	(242)
	03/31/2011	**12/31/2010**	**Change**
Cash	8,455	1,223	7,232
Shareholders' equity	28,658	30,216	(1,558)
Total assets	62,676	70,339	(7,663)
Equity ratio	45.7%	43.0%	2.7%
Number of employees	325	347	-22

All amounts pertain to continued operations.

SUMMARY

Beta Systems achieves a significant increase in operating cash flow in the first quarter of 2011

- Substantial reduction in short-term debt and implementation of restructuring measures funded from own resources
- Socially responsible adjustments to the personnel structure completed in the first quarter
- Decline in revenues and profits anticipated in the wake of realigning the business model
- Steady increase in cost savings as early as 2011 and plans to raise margins considerably as from 2012
- Realignment of the portfolio geared to GRC solutions envisaged

II. INTERIM MANAGEMENT REPORT

OPERATING HIGHLIGHTS AND KEY DATA

In the first quarter of 2011, Beta Systems Software AG (BSS, ISIN DE0005224406) raised its operating cash flow significantly to € 15.0 million, thereby outperforming the high year-earlier figure (Q1/2010: € 11.7 million). This positive development was attributable to the notable improvement in contractual and receivables management and the associated substantial liquidity inflow from the reduction of trade receivables in comparison with December 31, 2010.
Moreover, there were the customary effects at the start of the year from invoicing a major part of the maintenance services provided in 2011 and the non-recurrence of liquidity outflow owing to the sale of the ECM business which took place in 2010. The increase in operating cash flow enabled the utilization of short-term credit facilities at banks to be significantly scaled back; the current restructuring of the Group can be financed by its own cash funds. In the current fiscal year, the Company also anticipates another cash inflow from the ECM disposal.

The Berlin-based software provider achieved revenues of € 8.9 million and earnings before interest and tax (EBIT) of € -2.3 million (Q1/2010: € -1.6 million) and a result for the period of € -1.5 million (Q1/2010: € 0.3 million). In comparison with the first three months of 2010, the effect on profit from the disposal of the ECM business came to € 1.6 million with the concurrent positive impact on the result for the period.

The determining factor in the first quarter of 2011 were the restructuring measures announced in 2010. As part of the process of realigning the business model, which also entails waiving non-recurrent license revenues in favor of recurring, sustainable software and maintenance income and the termination of less profitable activities, revenues and the results from continued operations stood at a lower level in the first quarter of 2011 as against the year-earlier period, in line with expectations. Another reason for this development was the scheduled termination at year-end 2010 of the service agreement with the BancTec Group concluded as part of the ECM disposal. The personnel costs associated with this agreement were nonetheless incurred up until the end of the first quarter of 2011 and, in the wake of measures completed in downsizing jobs, will only have an easing effect on the result in the second quarter of the year.

As part of cost optimization measures following the sale of the ECM business, the decision was made to scale back up to 20% of jobs in general central administration and support functions as well as in downstream functions in sales and development both in Germany and abroad. The relevant discussions with employee representatives and employees have meanwhile been concluded. In order to carry out this redimensioning in as socially a responsible fashion and as efficiently as possible, measures took account of the whole range of instruments available for making suitable offers, such as severance payments, early retirement, part-time work, reducing working hours, or other benefits. The respective provisioning of € 4.6 million had already been taken account of in the results of continued operations in 2010 and will lead to the relevant fund outflow from the second quarter onwards.

With the restructuring measures having been completed, the Company plans to make growing cost savings groupwide of up to € 2.5 million in operating expenses over the course of the year 2011 measured against 2010. Cost savings of up to € 5.0 million are envisaged from 2012 onwards. Moreover, Beta Systems anticipates an increase in margins as from 2012 through stepping up its services business and from the lower risk in continued operations, as the focus here will be on the security and compliance and the GRC solutions increasingly required by customers.

Statements by the Management Board
“A key determinant of future earnings is the now completed process of cost optimization which has resulted in lowering our breakeven point by almost € 5 million long term,” explained **Gernot Sagl, Chief Financial Officer of Beta Systems Software AG** and added: “As far as financing is concerned, Beta Systems is very well positioned through its pleasingly high operating cash flow, and we can use our own funds not only to reduce our short-term debt as planned but also to finance the restructuring measures. Securing the positive liquidity position from operations is our primary goal, and the payments still outstanding from the sale of the ECM business will be used to finance the upcoming investments to promote growth”.

“I am delighted that we can now look to the future,” stated **Jürgen Herbott, Chief Executive Officer of Beta Systems Software AG** and added: “The adjustments to our business model are beginning to take effect in the cash flow, and we are currently working on a three-year plan which encompasses our repositioning in the high-growth IT/GRC market. The greatest challenge and, at the same time, our most important unique selling proposition as against our competitors is the singular combination of our tried-and-tested solutions for secure and efficient information management in data centers, the processing of documents and IT user management with their new functionalities for the monitoring, control and management of constantly changing, necessary regulations placed on IT operations and resulting in particular from new regulatory requirements. This applies to both mid-sized enterprises and large conglomerates.”

OTHER HIGHLIGHTS

Beta Systems share to be listed in General Standard in future
Beta Systems intends to switch to the General Standard segment of the Frankfurt Stock Exchange. To this end, an application was submitted on March 4, 2011, to rescind admission of the shares to the segment of the Regulated Market with post-admission obligations (Prime Standard). The management of Frankfurt Stock Exchange gave its approval on March 10, 2011. The withdrawal of the admission was published on the same day on the Internet under www.deutscheboerse.com and will become effective at midnight on June 10, 2011. The shares will be admitted to trading (introduction) in the Regulated Market (General Standard) from June 13, 2011, onwards. The withdrawal does not affect the admission of the shares of Beta Systems Software AG to the Regulated Market.

Similar to the overall market, the price of the Beta share got off to a positive start to the new year and stood at € 2.90 on January 3, 2011 (closing price in Xetra). The share peaked in the first quarter of 2011 at € 3.02 on February 7, 2011 (Xetra variable price), but otherwise generally reports a very modest price trend in this month. At the end of the quarter, the price of the Beta Systems share stood at € 2.74 (closing price in Xetra).

Presentation of Beta 96, the new version of the compliance solution
At the start of 2011, Beta Systems Software AG presented the latest version of its Beta 96 compliance solution. The Beta 96 Enterprise Compliance Auditor detects critical conditions and events in the IT systems of companies and organizations. At the same time, it ensures continuous, documented monitoring. The new version of Beta 96 Enterprise Compliance Auditor can, for instance, provide answers to the questions of who was granted what access permissions when, and vice versa, namely when permissions were rescinded and the persons involved. Policies and processes relevant for compliance in IT security can be easily implemented with the aid of the Compliance solution and automatically introduced throughout the whole company.

REPORT ON THE EARNINGS, FINANCIAL AND ASSET POSITION

1. Earnings of the Beta Systems Group

The explanations set out in the following section pertain to the continued operations.
Explanatory notes on discontinued operations have been included in the Combined Statement of Income under the “Net income of discontinued operations for the fiscal period, including result recognized on the disposal of the discontinued operations (post-tax)” item.
The Combined Statement of Cash Flows comprises explanatory notes on continued and discontinued lines of business.

Realignment of the business model with priority placed on cash flow and profitability
Following the sale of the ECM business and the providing of administrative services agreed through to the end of the fiscal year 2010, a decision was made based on an in-depth analysis on realigning the business model and redimensioning the Company. Along with the permanent stabilization of long-term cash flows from recurring revenue types, the aim of this measure is to optimize costs and considerably lower the breakeven point against the background of the new size of the Company.

New segment reporting structure
Following the sale of the ECM business in June 2010, and in the wake of reorganizing and realigning continued operations of the former operating segments DCI/IdM, the Management Board of Beta Systems took the decision to adopt a functional organization structure starting with the fiscal year 2011. The background to the deliberations was to be able to view the products and services of Beta Systems as a strategic unit in future, and to manage and control the company with a groupwide technology, sales and marketing strategy. The existing software and solutions portfolio will therefore be developed, marketed and sold more vigorously under the overarching aspect of governance, risk management and compliance (GRC) and as integrated product suites in the future.

The new internal reporting and organization structure comprises the new operating segments (profit centers) of Software, Maintenance and Services each of which has their own accounting and, wherever expedient, transparent netting standards. These new operating segments, which also reflect different contractual and services relationships with the customer, form the basis for the following segment reporting pursuant to IFRS 8.

In the operating segment Software, the Company generates revenues from the sale or leasing of software licenses for the standard software products or for solutions tailor made from a number of different components developed by Beta Systems or third party providers/partners. Additional revenues come from upgrades relating to the type and scope of software usage. The expenses directly allocable to this segment comprise first and foremost licenses for accompanying third-party products sold (“royalties”), ongoing research and development activities as well as depreciation and amortization of software acquired.

The operating segment Maintenance comprises recurring revenues from maintenance agreements generally concluded over a long-term horizon for the maintenance and servicing of customer installations and support in the event of failure. The expenses directly allocable to this segment comprise the cost of support personnel and hotlines, along with maintenance services which have to be sourced from third-party providers/partners, among other costs.

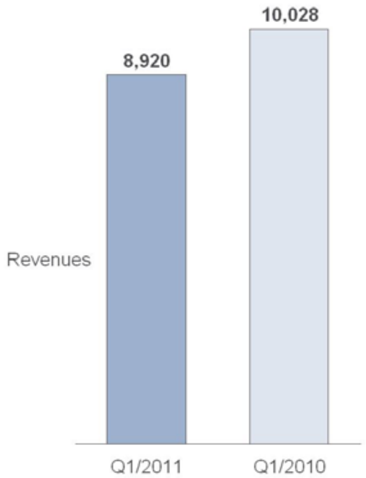
The operating segment Services comprises all other services agreements such as project management/project support for initial operation, advisory services before, during and after implementation, training, customizing software installations at the customer's through to end-to-end on-site or remote support for running operations. Directly allocable expenses in this segment are incurred above all by service personnel and the commissioning of sub-contractors and self-employed staff to cover special tasks or peak capacities.

All other business transactions and activities of Beta Systems are combined under Other Activities which do not themselves constitute a reporting segment within the meaning of IFRS 8. The respective revenues cannot be assigned to any of the aforementioned segments and, in terms of the amount, do not constitute an independent reportable segment (e.g. revenues generated from hardware). Beyond this, Other Activities include expenses for groupwide sales and marketing activities and general administration.

Revenues and segment development
In comparison to the year-earlier period, revenues from continued operations declined, as expected, in the wake of the realignment of the business model described above and through waiving less profitable activities in the first quarter of 2011. All segments reported a decline.

The Beta Systems Group signed a number of contracts with high-profile customers in the first quarter of 2011, including BNP PARIBAS PARTNERS for INNOVATION (IT services provider, France), SNC SILCA (financial service provider, France) and Fortis Banque NV (financial service provider, Belgium).

All amounts in thousands of euros (k€) unless otherwise indicated.



All amounts in thousands of euros (k€) unless otherwise indicated.

Revenues operating segments	Q1/2011	Q1/2010	Change	
Software	2,771	3,159	(388)	(12.3%)
Maintenance	4,856	5,304	(448)	(8.4%)
Services	1,202	1,556	(354)	(22.8%)
Other Activities	92	9	83	912.5%
Total	**8,920**	**10,028**		

Segment's operating income (loss)	Q1/2011	Q1/2010	Change	
Software	721	455	266	58.4%
Maintenance	2,483	3,479	(996)	(28.6%)
Services	(509)	(29)	(480)	1654.7%
Other Activities	(5,039)	(5,501)	462	(8,4%)
Total	**(2,344)**	**(1,596)**		

The Software operating segment’s contribution to profit was clearly positive and higher than the year-earlier figure despite the decline in revenues, as the proportion of the Company’s own products in sales has risen compared with a year ago. The effect of waiving a number of less profitable partner products was reflected in this development.

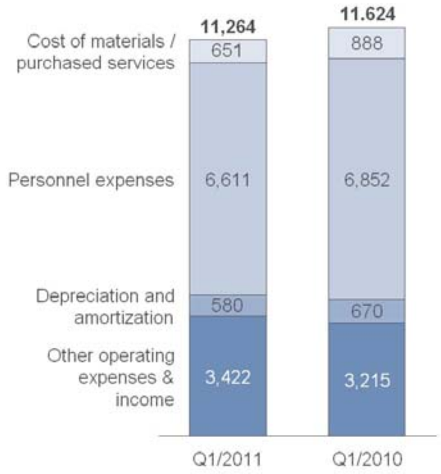
Despite the decline in revenues, the Maintenance operating segment generated the highest contribution to profit at the end of the first three months of 2011 and continues to be a mainstay of the business model to be reinforced long term through realignment to the business model.

The result in the Services operating segment fell in the wake of revenue decline and due to an increase in other operating expenses. Upon completion of a number of large customer projects, the scope of follow-up projects generated in the first quarter was limited.

The negative profit contribution disclosed under Other Activities, which fell significantly by € 0.5 million as against the year-earlier period, was the result of expenses incurred for cross-segment sales and marketing activities and general administration in the first quarter of 2011.

Development of operating expenses and income

All amounts in thousands of euros (k€) unless otherwise indicated.



The lower level of the costs of material and purchased services was mainly the result of a decrease in royalties for third-party products as, in comparison to the previous year's period, the proportion of the Company's own software products sold to customers was higher.
The costs of purchased services were also in a downtrend as, upon completion of a number of large service projects at year-end 2010, fewer customer projects had to be implemented with the aid of sub-contractors or self-employed staff.

Personnel expenses had already fallen 3.5% by the end of March 2011 due to the reduction in staff numbers through the process of job downsizing. The decrease mainly affected the international subsidiaries in the first quarter of 2011 as measures in these subsidiaries had already been completed and implemented.

The lower level of depreciation and amortization was attributable to the non-recurrence of amortization for intangible assets which have now been fully written down. Other operating expenses and income rose marginally due to the non-recurrence of special effects from currency translation which were still in evidence in the first quarter of 2010.

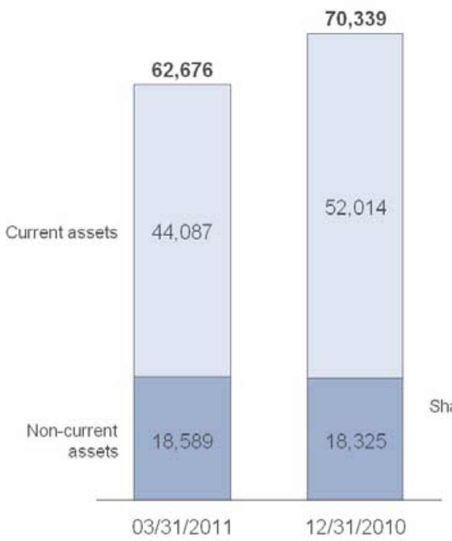
At the end of the first three months of 2011, EBIT came to € -2.3 million (Q1/2010: € -1.6 million) and EBITDA, which is EBIT plus depreciation and amortization, posted € -1.8 million (Q1/2010: € -0.9 million).
Given a tax rate of 30%, income tax amounted to € 0.7 million. The result of continued operations (after tax) posted € -1.5 million (Q1/2010: € -1.3 million).

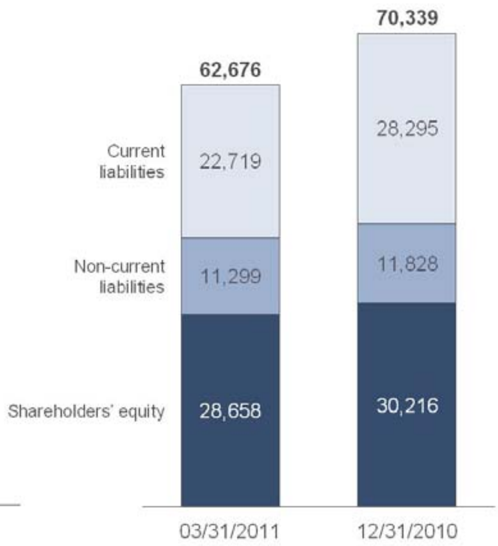
The result for the period from the aforementioned income components came to € -1.5 million at the end of the first three months of 2011 (Q1/2010: € 0.3 million).

Human resource development
As per March 31, 2011, the number of employees belonging to the continued operations of the Beta Systems Group had fallen to 325 compared with 359 a year ago and 347 at the end of the fiscal year 2010.

2. Financial and asset position of the Beta Systems Group

All amounts in thousands of euros (k€) unless otherwise indicated.





As per March 31, 2011, trade receivables had declined notably in comparison with December 31, 2010, as many outstanding invoices resulting from year-end business had been settled by customers. In addition, a large proportion of maintenance services for 2011 was invoiced at the start of the year, and the operating cash flow rose significantly on the back of incoming payments in the first quarter of 2011, thereby substantially exceeding the year-earlier figure. As a result of invoicing for maintenance services at the start of the year, deferred income also rose as against December 31, 2010. The higher operating cash flow enabled the utilization of short-term credit facilities to be reduced further.

Non-current assets comprise the purchase costs of the finance leasing for a new IBM mainframe for development and test purposes (€ 1.5 million, purchased in 2010) as well as of the rolmine software acquired from ipg AG, Switzerland (€ 0.6 million, also purchased in 2010).

Current liabilities had declined appreciably by March 31, 2011, owing to the substantial reduction in short-term debt. The scheduled redemption of loans resulted in a lower level of borrowing.

All amounts in thousands of euros (k€) unless otherwise indicated.

Cash flow	Q1/2011	Q1/2010	Change
… from/used in operating activities	14,992	11,663	3,329
… from/used in investing activities	1,012	(1,708)	2,720
Free Cash flow	**16,004**	**9,955**	**6,049**
… from/used in financing activities	(8,772)	(8,303)	(469)
Increase/decrease in cash	**7,232**	**1,652**	**5,580**

The cash flows disclosed as per March 31, 2010, still include the ECM operating segment which was sold on June 3, 2010.

The cash flow from operating activities climbed to a higher level owing to the aforementioned effects. At Group level the cash flow from investing activities was positive at the end of the first three months of 2011 in comparison with the year-earlier period, mainly owing to the disposal of the ECM segment. This was offset by payments in connection with the purchase of rolmine from Swiss ipg AG which came to € 0.6 million and the last purchase price installment for the acquisition of the DETEC companies (€ 1.0 million). In the first quarter of 2011, the cash flow from financing activities included a significant reduction of € 8.4 million in short-term debt (Q1/2010: €: 8.9 million) and the redemption of loans which came to € 0.3 million (Q1/2010: € 0.2 million.).

OUTLOOK

As described in the Combined Management Report on the Group and the Parent Company (Report on the Situation of the Company and the Group) as per December 31, 2010, the Management Board anticipates another temporary decline in revenues from non-recurrent software license business due to the realignment of the business model in the future. Consequently, the Management Board is expecting revenues to settle at between € 45 million and € 47 million in 2011. Moderate growth in revenues on the back of the strong orientation of the portfolio towards Security & Compliance and GRC solutions can only be expected for the Group as from the subsequent fiscal year. However, a major factor of influence on the earnings situation will be cost optimization and the associated lowering of breakeven. In this context, the Management Board anticipates a growing level of savings of up to € 2.5 million in operating expenses over the course of the year 2011 as compared with the fiscal year 2010. In subsequent years, a permanent savings effect on the whole Group is expected in the range of up to € 5.0 million a year. The sum total of these effects give rise to expectations that the Group will achieve a marginally positive result in the fiscal year 2011. A significant improvement in profit and margin levels is expected from 2012 onwards.

REPORT ON THE ANTICIPATED DEVELOPMENT AND ITS SIGNIFICANT OPPORTUNITIES AND RISKS (OPPORTUNITIES AND RISK REPORT)

The opportunities and risk report is an update of the assumptions made in the Combined Management Report on the Group and the Parent Company (Report on the Situation of the Company and the Group) as per December 31, 2010. The report is therefore to be read in conjunction with these statements. Major changes in the current financial year have not occurred.

BUSINESS RELATIONSHIPS WITH RELATED PARTIES

Explanations on business relationships with related parties are included in the Selected Explanatory Notes.

Berlin, in May 2011

Jürgen Herbott
Chief Executive Officer

Gernot Sagl
Chief Financial Officer

Statement on the Interim Management Report

Beta Systems Software AG has drawn up this Interim Management Report as at March 31, 2011, in accordance with the legal requirements. The reporting period covers the first three months of 2011. The Interim Management Report is to be read in conjunction with the Condensed Combined Interim Financial Report as at March 31, 2011.

All forward-looking statements relate to the period up until December 31, 2011. In observance of the statutory provisions, this Interim Management Report is not an instrument of information in its own right but constitutes material changes to the statements made in the Combined Management Report on the Group and on the Parent Company (Report on the Situation of the Company and the Group) as per December 31, 2010, and must therefore be read in connection with the latter. In respect of the forward looking statements, these are also an update on those made on December 31, 2010.

The information set out below relates to the consolidated results of the Beta Systems Group. The segment reporting has been made in accordance with the organization structure of the Company into the operating segments of Software, Maintenance and Services.

All amounts (e.g. figures in € million) cited in the Interim Management Report and information derived therefrom (e.g. percentage figures) are figures fully rounded up to thousands of euros as presented in the Condensed Combined Interim Financial Report. Differences from rounding up are therefore possible.

The Condensed Combined Interim Financial Report as at March 31, 2011, and the Interim Management Report as per March 31, 2011, were neither audited by an external auditor nor were they subject to a review by an external auditor.

Financial Statements/Disclaimer

This Quarterly Financial Report contains forward-looking statements which are based on assumptions and estimates made by the management of Beta Systems Software AG. Although the expectations inherent in these forward-looking statements are assumed to be realistic, no guarantee can be undertaken that these expectations prove to be correct. The assumptions may harbor risks and uncertainties which may lead to actual results diverging significantly from the forward-looking statements. The factors which may cause such divergences have been described i.a. in the Opportunities and Risk Report of the Combined Management Report on the Group and the Parent Company (Report on the Situation of the Company and the Group) in 2010. An update of these forward-looking statements by Beta Systems is neither planned nor does management undertake any obligation to do carry out such updates. All company, product and service brand names and logos used here are the property of the respective company.

III. BETA SYSTEMS SOFTWARE AG AND SUBSIDIARIES CONDENSED COMBINED INTERIM FINANCIAL REPORT AS AT MARCH 31, 2011 (UNAUDITED)

Beta Systems Software AG Combined Statement of Income (Thousand €, unless otherwise noted)	Q1/2011	Q1/2010
Continued operations		
Revenues	**8,920**	**10,028**
Other operating income	(34)	(602)
Cost of materials / Cost of purchased services	651	888
Personnel expenses	6,611	6,852
Depreciation and amortization	580	670
Other operating expenses	3,456	3,816
Operating result	**(2,344)**	**(1,596)**
Interest and similar income	236	1
Interest and similar expenses	(78)	(116)
Result before income taxes of continued operations	**(2,186)**	**(1,711)**
Income taxes	656	423
Net income (loss) for the fiscal period of continued operations	**(1,530)**	**(1,288)**
Net income of discontinued operations for the fiscal period including result recognized on the disposal of the discontinued operations (post-tax)	0	1,576
Net income for the fiscal period	**(1,530)**	**288**
Earnings per ordinary share of continued operations		
Basic and diluted	**(0.12) €**	**(0.10) €**
Earnings per ordinary share		
Basic and diluted	**(0.12) €**	**0.02 €**
Weighted average shares outstanding to calculate earnings per ordinary share		
Basic and diluted	**13,168,304 pcs.**	**13,168,304 pcs.**

The accompanying Notes are an integral part of this Interim Financial Report.

Beta Systems Software AG Combined Statement of Financial Position (Thousand €)	03/31/2011	12/31/2010
Current assets	**44,087**	**52,014**
Cash	8,455	1,223
Trade receivables	24,645	39,425
Construction contracts	534	504
Other current assets	10,453	10,385
Income tax assets	0	477
Non-current assets	**18,589**	**18,325**
Property, plant & equipment	2,131	2,250
Goodwill	3,372	3,372
Other intangible assets	1,565	1,731
Acquired software product rights	2,126	2,323
Deferred tax assets	8,464	7,740
Other non-current assets	931	909
Total assets	**62,676**	**70,339**
Current liabilities	**22,719**	**28,295**
Short-term debt	1,292	9,725
Trade payables	2,324	2,809
Deferred income	8,620	4,978
Income tax liabilities	967	969
Provisions	4,331	4,558
Other current liabilities	5,185	5,256
Non-current liabilities	**11,299**	**11,828**
Long-term debt	1,419	1,684
Employee benefits	1,535	1,542
Deferred tax liabilities	8,217	8,410
Other non-current liabilities	128	192
Total liabilities	**34,018**	**40,123**
Shareholders` equity	**28,658**	**30,216**
Share capital	17,276	17,276
Capital reserve	10,709	10,709
Retained earnings (losses)	380	1,910
Other comprehensive income	712	740
Treasury shares	(419)	(419)
Total liabilities and shareholders` equity	**62,676**	**70,339**

The accompanying Notes are an integral part of this Financial Report.

Beta Systems Software AG Combined Statement of Cash Flows (Thousand €)	Q1/2011	Q1/2010
Cash flow from/used in operating activities	**14,992**	**11,663**
Cash flow from/used in operating activities of continued operations	**14,992**	**12,451**
Net income (loss) for the fiscal period	(1,530)	(1,288)
Reconcilation from net income (loss) for the fiscal period to net cash from operating activities:		
Depreciation and amortization	580	670
(Gain) loss on the disposal of property, plant & equipment and intangible assets, net	0	66
Finance result, net	(158)	107
Current tax (income) expenses	271	187
Deferred tax (income) expenses	(927)	(611)
Income taxes paid	109	320
Foreign currency losses (gains), net	91	(209)
Changes in assets and liabilities:		
- (Increase) decrease in trade receivables	13,887	10,626
- Increase (decrease) in trade payables	(485)	668
- Increase (decrease) in deferred revenues	3,642	5,494
- Changes in other assets and liabilities	(488)	(3,579)
Cash flow from/used in operating activities of discontinued operations	**0**	**(788)**
Cash flow from/used in investing activities	**1,012**	**(1,708)**
Cash flow from/used in investing activities of continued operations	**(108)**	**(1,698)**
Acquisition of property, plant & equipment and intangible assets	(116)	(699)
Interest received	8	1
Cash paid for investments, net of acquired cash	0	(1,000)
Cash flow from/used in investing activities of discontinued operations (including net cash flow from the disposal of discontinued operations)	**1,120**	**(10)**
Cash flow from/used in financing activities	**(8,772)**	**(8,303)**
Cash flow from/used in financing activities of continued operations	**(8,772)**	**(9,179)**
Net increase (decrease) in short-term debt	(8,433)	(8,877)
Repayment of long-term debt	(261)	(194)
Interest paid	(78)	(108)
Cash flow from/used in financing activities of discontinued operations	**0**	**876**
Increase (decrease) in cash	**7,232**	**1,652**
Cash at the beginning of the fiscal period	1,223	1,986
Cash at the end of the fiscal period	8,455	3,401
Effect of exchange rate fluctuations on cash	46	(237)

The accompanying Notes are an integral part of this Financial Report.

Beta Systems Software AG
Combined Statement of Changes in Shareholders' Equity

Q1/2011

(Thousand €, except share data in number of shares)

	Ordinary shares						Treasury Shares		
	Number of shares issued	Share capital	Capital reserve	Retained earnings (losses)	Other comprehensive income	**Total**	Number of treasury shares	Value at cost	**Total shareholders' equity**
Balance as at January 1, 2010	**13,288,914**	**17,276**	**10,709**	**1,096**	**1,080**	**30,161**	**(120,610)**	**(419)**	**29,742**
Net income for the fiscal period	0	0	0	814	0	814	0	0	**814**
Differences arising on foreign currency translation	0	0	0	0	(340)	(340)	0	0	**(340)**
Total comprehensive income (loss)	**0**	**0**	**0**	**814**	**(340)**	**474**	**0**	**0**	**474**
Balance as at December 31, 2010	**13,288,914**	**17,276**	**10,709**	**1,910**	**740**	**30,635**	**(120,610)**	**(419)**	**30,216**
Net income for the fiscal period	0	0	0	(1,530)	0	(1,530)	0	0	**(1,530)**
Differences arising on foreign currency translation	0	0	0	0	(28)	(28)	0	0	**(28)**
Total comprehensive income (loss)	**0**	**0**	**0**	**(1,530)**	**(28)**	**(1,558)**	**0**	**0**	**(1,558)**
Balance as at March 31, 2011	**13,288,914**	**17,276**	**10,709**	**380**	**712**	**29,077**	**(120,610)**	**(419)**	**28,658**

The accompanying Notes are an integral part of this Financial Report.

Beta Systems Software AG Combined Statement of Comprehensive Income (Thousand €)	Q1/2011	Q1/2010
Net income (loss) for the fiscal period	**(1,530)**	**288**
Income and expenses recognized in equity	**(28)**	**(237)**
Differences arising on foreign currency translation	(28)	(237)
Total comprehensive income (loss) for the fiscal period	**(1,558)**	**51**

The accompanying Notes are an integral part of this Interim Financial Report.

GENERAL INFORMATION

Beta Systems Software Aktiengesellschaft ("AG") with registered office in Berlin, Germany and its subsidiaries form the group of entities ("Beta Systems" or "the Group"), for which these Combined Interim Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS) for the fiscal period from January 1 to March 31, 2011.

The headquarters of the Group are located in Alt-Moabit 90d, D-10559 Berlin, Germany. The subsidiaries are based in Europe and North America.

For more than 25 years, Beta Systems has developed high-profile software products and solutions for the secure and efficient processing of bulk data, which supports companies of any size with heterogeneous IT environments in the automation, safeguarding and transparency of their IT-based business processes. For example, especially companies in the financial sector, in trading, the telecommunications business and industry benefit from these products as, owing to their size and the nature of their business, they are required to process extremely large volumes of sensitive data and documents in business processes critical to their operations.

Statement of compliance

These Combined Interim Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Interpretations Committee (IFRIC), as applicable within the European Union. In compliance to *IAS 34 Interim Financial Reporting* these Combined Interim Financial Statements do not comprise all information and notes required for a Combined Financial Statement. They are therefore to be read in connection with the Annual Combined Financial Statements for the fiscal year 2010 and respective notes to these financial statements.

The Combined Interim Financial Statements include all customary and recurrent adjustments and provide all information for a fair presentation and which is relevant to understand the financial position and performance of the Group. The results of the financial interim period ended on March 31, 2011, are not necessarily indicative of the results which can be expected for the entire fiscal year 2011.

Basis of consolidation

Beta Systems Software AG is the Parent Company of the Beta Systems Software Group. All companies subject to a controlling interest by the Parent Company ("subsidiaries") were included in the Combined Financial Statements by means of full consolidation. A controlling influence exists when a parent company is in a position to influence, directly or indirectly, the financial and business policies.

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

ACCOUNTING POLICIES AND VALUATION METHODS

The Combined Interim Financial Statements were prepared using the same accounting policies and valuation methods as applied to the Annual Combined Financial Statements for the fiscal year 2010. In addition, the new pronouncements which must be applied to the fiscal year commencing January 1, 2011, were adopted. To be specific, these are amendments to *IFRS 1 First-time Adoption of IFRS, IFRS 7 Financial instruments: disclosures, IFRS 8 Operating segments, IAS 24 Related party disclosures, IAS 32 Financial instruments: presentation, IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction and IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.* More information and explanations on the content and the effects of these pronouncements are included in the Annual Report 2010, in the section entitled Notes to the Combined Financial Statements, “New Accounting Guidelines”.

SEGMENT REPORTING

Following the sale of the ECM business in June 2010, and in the wake of reorganizing and realigning continued operations of the former operating segments DCI/IdM, the Management Board of Beta Systems took the decision to adopt a functional organization structure starting with the fiscal year 2011. The background to the deliberations was to be able to view the products and services of Beta Systems as a strategic unit in future, and to manage and control the company with a group wide technology, sales and marketing strategy. The existing software and solutions portfolio will therefore be developed, marketed and sold more vigorously under the overarching aspect of governance, risk management and compliance (GRC) and as integrated product suites in the future.

The new internal reporting and organization structure comprises the new operating segments (profit centers) of Software, Maintenance and Services each of which has their own accounting and, wherever expedient, transparent netting standards. These new operating segments, which also reflect different contractual and services relationships with the customer, form the basis for the following segment reporting pursuant to IFRS 8.

In the operating segment Software, the Company generates revenues from the sale or leasing of software licenses for the standard software products or for solutions tailor made from a number of different components developed by Beta Systems or third party providers/partners. Additional revenues come from upgrades relating to the type and scope of software usage. The expenses directly allocable to this segment comprise first and foremost licenses for accompanying third-party products sold (“royalties”), ongoing research and development activities as well as depreciation and amortization of software acquired.

The operating segment Maintenance comprises recurring revenues from maintenance agreements generally concluded over a long-term horizon for the maintenance and servicing of customer installations and support in the event of failure. The expenses directly allocable to this segment comprise the cost of support personnel and hotlines, along with maintenance services which have to be sourced from third-party providers/partners.

The operating segment Services comprises all other services agreements such as project management/project support for initial operation, advisory services before, during and after implementation, training, customizing software installations at the customer’s through to end-to-end on-site or remote support for running operations. Directly allocable expenses in this segment are incurred above all by service personnel and the commissioning of sub-contractors and self-employed staff to cover special tasks or peak capacities.

All other business transactions and activities of Beta Systems are combined under Other Activities which do not themselves constitute a reporting segment within the meaning of IFRS 8. The respective revenues cannot be assigned to any of the aforementioned segments and, in terms of the amount, do not constitute an independent reportable segment. They result mainly from the sale of hardware. Beyond this, Other Activities include expenses for group wide sales and marketing activities and general administration.

There are no sales revenues generated by business transactions conducted between the individual operating segments. The offsetting of inter-business unit costs and services is conducted at conditions similar to those negotiated by third parties (arm's length).

Detailed information on the revenues and results of the new operating segments and their transition to combined net income (loss) of the Group is included in the following overviews.

Operating Segments Q1/2011 (Thousand €)	Software	Maintenance	Services	Other Activities	Total
Total revenues with customers	**2,771**	**4,856**	**1,202**	**92**	**8,920**
Cost of materials / Cost of purchased services	(41)	(308)	(200)	(101)	(651)
Depreciation & amortization	(256)	(4)	(8)	(312)	(580)
Other operating income and expenses	(1,753)	(2,060)	(1,502)	(4,717)	(10,033)
Segment's operating income (loss) for the fiscal period	**721**	**2,483**	**(509)**	**(5,039)**	**(2,344)**
Interest income					235
Interest expenses					(78)
Result before income taxes					**(2,186)**
Income taxes					656
Net income (loss) for the fiscal period of continued operations					**(1,530)**

According to IFRS 8.29 prior periods were adjusted as applicable.

Operating Segments Q1/2010 (Thousand €)	Software	Maintenance	Services	Other Activities	Total
Total revenues with customers	**3,159**	**5,304**	**1,556**	**9**	**10,028**
Cost of materials / Cost of purchased services	(554)	(13)	(227)	(94)	(888)
Depreciation & amortization	(303)	(5)	(8)	(353)	(670)
Other operating income and expenses	(1,847)	(1,808)	(1,350)	(5,062)	(10,067)
Segment's operating income (loss) for the fiscal period	**455**	**3,479**	**(29)**	**(5,501)**	**(1,596)**
Interest income					1
Interest expenses					(116)
Result before income taxes					**(1,711)**
Income taxes					423
Net income (loss) for the fiscal period of continued operations					**(1,288)**

In the first quarter 2010 the sales revenue with customers from the discontinued operations ECM, which was sold on June 3, 2010, amounted to k€ 8,443, the portion of directly allocable expenses was k€ 5,990. In the foregoing overviews these amounts are not included. For details please refer to the Notes “Discontinued Operations Enterprise Content Management (ECM)” in the following selected explanatory notes and the Annual Report 2010.

SELECTED EXPLANATORY NOTES

Realigning of the Company

The sale of the ECM business to the BancTec Group ushered in the reorganization and realigning of Beta Systems. In this context the Management Board of Beta Systems took the decision to adopt a functional organization structure starting with the fiscal year 2011. All changes are characterized by a focus on a solid and sustained development of the Company, such as the increasing generation of long-term recurring revenues. Coincidental the decision was made to scale back up to 20% of jobs in general central administration and support functions as well as in downstream functions in sales and development both in Germany and abroad. The respective provisioning of € 4.6 million had already been taken account of in the results in 2010, it amounts to € 4.3 million as at March 31, 2011.The measures will only have an easing effect on the result in the second quarter onwards of the year.

Beta Systems to switch to General Standard

Beta Systems intends to switch stock exchange segment and aims in future to be listed in the General Standard of the Frankfurt Stock Exchange. To this end, an application was made on March 4, 2011, to the Admission Board to rescind admission of the shares to the segment of the regulated market with post-admission obligations (Prime Standard). The management of the Frankfurt Stock Exchange has allowed the application on March 10, 2011. The withdrawal of the admission was published at the same day on Internet at www.deutsche-boerse.com and will become effective at midnight on June 10, 2011. The shares will be admitted to trading (introduction) in the Regulated Market (General Standard) from June 13, 2011. The withdrawal does not affect the admission of the shares of Beta Systems Software AG to the Regulated Market.

Change in the presentation format of the Combined Statement of Income

In the process of switching to the new stock exchange segment, the decision was made to adopt the more customary presentation for the combined income statement, which is based on the nature of expense method adopted by comparable companies in General Standard, as from the fiscal year 2011. Beta Systems is confident that the presentation of information on the financial position and results of operations of the company will be better, more reliable and more relevant. The information given in the cost-of-sales method applied to date have essentially been included in the new segment reporting pursuant to IFRS 8 since the fiscal year 2011. The accounting and valuation methods have not been changed, and there are therefore no effects on the financial position and earnings situation of the Company. The presentation of the comparative period has been adjusted accordingly to the nature of expense method.

Discontinued Operations Enterprise Content Management (ECM)

Beta Systems Software AG has sold its Enterprise Content Management (ECM) business to the BancTec Group. The purchase agreement pertaining to the takeover of 100% of the shares in Beta Systems ECM Solutions GmbH, Augsburg, was signed on June 3, 2010, with BancTec GmbH, Langen, and BancTec, Inc., Dallas, Texas/USA. At the same time, the assets assigned to this business in the USA and Austria were sold to the BancTec Group.

The divestment of the ECM business in accounting and organizational terms from the Beta Systems Group took economic effect on May 31, 2010. Additional and detailed information regarding to the sale of the ECM business is available from the Annual Report 2010.

The Combined Statement of Income of the discontinued ECM operations is stated as follows:

Beta Systems Software AG - ECM Business **Combined Statement of Income** (Thousand €, unless otherwise noted)	Q1/2011	Q1/2010
Revenues	**0**	**8,426**
Expenses	**0**	**6,304**
Finance result	**0**	**0**
Result before income taxes	**0**	**2,122**
Income taxes	0	(546)
Net income (loss) of discontinued operations for the fiscal period including result recognized on the disposal of the discontinued operations (post-tax)	**0**	**1,576**
Earnings per ordinary share of the discontinued operation Basic and diluted	**0.00 €**	**0.12 €**
Weighted average shares outstanding to calculate earnings per ordinary share Earnings per ordinary share * Basic and diluted	**0 pcs.**	**13,168,304 pcs.**
Included in the overall result of the fiscal period	**0**	(13)
Exchange differences arising on translation of foreign operations of the discontinued operations	0	(13)

* The number of ordinary shares references to the number of shares that are assigned directly to the parent company.

The Statement of Cash Flows of the discontinued operations is included and separately shown in the Combined Statements of Cash Flows of the Group.

Guarantees and contingent liabilities

During the interim fiscal period under review there were no changes compared with December 31, 2010.

Business relationships with related parties

On the basis of their direct (and indirect) equity investment, the attribution of voting rights and assumed personnel integration the Deutsche Balaton Aktiengesellschaft, Heidelberg, Heidelberger Beteiligungsholding AG, Heidelberg, and ABC Beteiligungen AG, Heidelberg, had significant influence on the Company during the financial interim period under review and were also related parties of Beta Systems Software AG. No business relations existed with these companies in the first three months of the fiscal year 2011.

Also not any other related party business relationship existed.

IV. DISCLOSURE OF DIRECTORS' HOLDINGS OF BETA SYSTEMS SOFTWARE AG

As per March 31, 2011	Shares
Management Board	
Jürgen Herbott[1]	3,500
Gernot Sagl	0
Supervisory Board	
Dr. Günter Lewald	0
Stephan Helmstädter	0
Herbert Werle	0
Dr. Carsten Bräutigam	0
Stefan Hillenbach	6,432
Peter Becker	0
Beta Systems Software AG	
Treasury shares	120,610

[1] Mr. Jürgen Herbott was appointed to the position of the new Chief Executive Officer (CEO) of Beta Systems Software AG on July 19, 2010. Prior to joining the Company, he already held 500 shares in the Company.

None of the members of the Supervisory Board or the Management Board currently holds stock option rights or conversion rights to the shares of Beta Systems Software AG.

V. FINANCIAL CALENDAR, CONTACT AND IMPRINT

Financial Calendar

May 12, 2011
Publication – Three Months' Statement 2011

June 7, 2011
Regular Annual General Meeting of Shareholders, Berlin 2011

August 11, 2011
Publication – Six Months' Statement 2011

November 10, 2011
Publication – Nine Months' Statement 2011

November 2011
Analysts' Conference at the German Equity Forum in Frankfurt am Main

Beta Systems Software AG, Berlin, Germany
Beta Systems Software AG (Prime Standard: BSS, ISIN DE0005224406) offers large corporations, mid-sized companies and organizations high-end infrastructure software products spanning sectors for the cost-effective and secure monitoring of IT processes in high-performance IT environments.
The software and solutions portfolio comprises Data & Document Processing, secure and efficient information management in data centers which guarantees premium efficiency in the processing of documents, and Security & Compliance which is the secure and efficient user management for the comprehensive management of statutory provisions. The products in both areas are developed, marketed and sold as integrated product suites under the overarching aspect of governance, risk management and compliance (GRC).
The high-quality infrastructure software products and solutions enhance the performance of a company's IT in terms of its availability, scalability and flexibility. Data centers optimize their job and output management. Moreover, especially companies with high numbers of users are supported in the automation of their IT user administration.

Beta Systems was founded in 1983, has been a listed company since 1997, and has a workforce of 325 employees. The company's principal place of business is Berlin. Beta Systems operates in Germany and internationally through 14 subsidiaries and cooperations with numerous partner companies. Throughout the world more than 1,300 customers use the products and solutions of Beta Systems to improve their processes and security in more than 3,200 running installations. At present, Beta Systems generates 50 percent of its sales from international business.

More information on the company and its products can be found under www.betasystems.com.
You can also visit Beta Systems at www.twitter.com/BetaSystems and www.facebook.com/BetaSystems and www.xing.com/companies/betasystemssoftwareag.

Contact

Hotline for investors, analysts and journalists
Our Investor Relations Team is at your disposal for any questions on the results as per March 31, 2011, under the telephone number +49-(0)30-726118-171 or via email at ir@betasystems.com.

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Imprint

Published by:
Beta Systems Software AG
Alt-Moabit 90d
D-10559 Berlin

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