COR & FJA

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COR&FJA AG
Annual Report

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IN BLACK AND WHITE

CONSOLIDATED KEY RATIOS PURSUANT TO IFRS

in EUR million	2009	2008	2007
Turnover	68.4	63.6	61.3
EBIT	1.6	6.7	5.3
EBITDA	3.1	7.6	6.3
EBT	1.5	6.7	5.0
Net income for the year	1.0	4.5	5.3
Earnings per share in EUR	0.04	0.21	0.25
Balance sheet total	108.6	44.3	40.8
Equity	69.1	26.6	22.9
Liquid funds	22.3	18.2	18.9
Cash flow from operating activities	3.8	2.1	2.9
Investments	1.1	0.8	0.5

THREE CENTRAL MESSAGES

COR&FJA
The successful merger of COR and FJA to create the new COR&FJA AG has laid the foundations for a successful future of the company and is generating real added value for customers, investors and staff alike.

Standardisation
By bundling the products on its two platforms – COR.FJA Insurance Suite and COR.FJA Banking Suite, COR&FJA can now offer financial service providers a unique range of standard software products.

Internationalisation
The ongoing internationalisation of the competitive environment within the financial services sector is increasing the demand for internationally oriented solutions. COR&FJA is consistently expanding its international business on the basis of this development.

A LEADING PROVIDER OF SOFTWARE FOR THE EUROPEAN FINANCIAL SERVICES SECTOR

COR&FJA AG is one of Europe's leading providers of integrated standard software solutions for the entire financial services sector. COR&FJA has been helping insurance companies, banks and company pension schemes to design, implement and manage their products for nearly three decades.

In addition to its strong standing in the German-speaking markets, the software developed by COR&FJA is deployed around the world. Already, the solutions offered are being deployed by users in more than 15 European countries, and in the US and Australia.

Together with a unique product portfolio, a staff of just over 1,000 employees in 16 offices in Germany, the Netherlands, Switzerland, Austria, Slovenia, Slovakia and the US ensure that virtually all of the customers' needs for state-of-the-art and flexible standard software solutions can be fulfilled.

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HIGHLIGHTS

January
The ground is broken for the construction of the company's new head office

The groundbreaking ceremony for the construction of the company's new head office in Leinfelden-Echterdingen took place on 23 January. The building will offer space for some 500 members of staff, who will occupy it from August 2010 onwards.

February
Major contract awarded by Basler Lebensversicherung

FJA wins a major migration contract from Basler Lebensversicherung. After working together successfully on redesigning its administration system, Basler again calls on the experience of FJA to migrate its total of about 300,000 contracts from the old system to the new IT platform.

March
FJA presents its figures for financial 2008

FJA presents its figures for financial 2008 at the end of the month: the 3.7 per cent increase in revenues to EUR 63.3 million and the 27.7 per cent improvement in EBIT to EUR 6.7 million prove that 2008 was a very successful year for FJA's business.

April
COR publishes a record result for 2008

COR publishes its results for 2008: the company was able to increase both revenues and earnings before taxes by more than 40 per cent to EUR 58.8 million and EUR 6.7 million respectively.

July
Major contract awarded by Signal Iduna

Following a thorough analysis of the market, Signal Iduna, which ranks among the top 19 German direct insurance companies, opts to use COR.FJA Life Factory as the basis for the SOA-compliant redesign of the IT landscape for its life assurance division.

November
The first German insurance company opts for COR.FJA P&C

Following a comprehensive software selection process, Hamburger Grundeigentümer-Versicherung is the first German company to opt for the COR.FJA P&C non-life insurance solution as the new centralised platform for administering its entire insurance operations.

December
MCE Bank opts for MBS Open

COR&FJA AG acquires a new client from the sector of automotive finance companies when MCE Bank GmbH (Mitsubishi Corporation Europe Bank), Flörsheim, opts for its MBS Open core banking system.

MILESTONES

11 March 2009:

The Supervisory and Management Boards of COR and FJA publish a letter of intent announcing their intention to join the two companies in a merger of equals. COR is the transferring and FJA the receiving entity. The announced aims of the merger are the further expansion of the excellent joint market position for standard software solutions for insurance companies and banks in Germany to include foreign markets, and the exploitation of synergy effects to raise profitability.

End of March 2009:

Just a few days after announcing the merger, mixed teams start working on the three central sub-projects ('Life product strategy', 'Administration' and 'Culture & Communication') and provide the Steering Committee with regular progress reports. The Management Boards visit each of the offices in turn over the following weeks and months to inform the members of staff about the further planning status.

2 April 2009:

The Supervisory Board appoints Klaus Hackbarth and Rolf Zielke to the Management Board of FJA AG with effect from 1 May 2009.

8 June 2009:

COR and FJA reach agreement on the merger contract and the share swap ratio. According to the agreement, shareholders in COR AG Financial Technologies will receive 25 FJA shares for 14 COR shares. In addition, the so-called merger report is signed.

27/28 July 2009:

The shareholders approve the merger contract by a large majority at the annual general meetings of both COR and FJA. New elections to the Supervisory Board of FJA are also on the agenda: the annual general meeting appoints Prof. Dr Elmar Helten, Klaus Kuhnle, Prof. Dr Christian Hipp, lic. iur. Thomas Nievergelt, Dr Jens Seehusen and Dr Klaus J. Weschenfelder to the Supervisory Board.

3 August 2009:

Thomas Junold and Michael Junker resign their seats on the Management Board with immediate effect and, in doing so, accept the offer submitted by the Supervisory Board on 10 March 2009 to rescind the contracts appointing them to the Management Board.

22 September 2009:

An action resulting from the annual general meeting of FJA to rescind the resolution to approve the merger is settled in court. This marks an important step in the process for entering the merger in the commercial register and allows the process of integrating the two companies to begin.

19 October 2009:

The entry of the merger between COR and FJA in the commercial register marks the successful completion of the merger of the two companies. Upon the registration, COR is dissolved and transferred to FJA, together with all rights and obligations. At the same time, the change of company name from FJA AG to COR&FJA AG comes into effect.

The new Board of Management consists of Ulrich Wörner (Chairman of the Board), Klaus Hackbarth (Deputy Chairman), Milenko Radic, Volker Weimer and Rolf Zielke.

12 November 2009:

COR&FJA announces a good 3rd quarter 2009. The report presented by COR&FJA for Q3 does not, however, contain any figures relating to the former COR: both companies still existed as individual entities as of 30 September 2009, which was the reporting date for the Q3 report, whereas the former COR had ceased to exist as a result of the merger by the time the report was actually published.

26 November 2009:

The relocation of the registered office of COR&FJA AG from Munich to Leinfelden-Echterdingen is entered in the commercial register and thus becomes effective.

Ulrich Wörner
Chairman of the Management Board

Responsible for the Sales and Finance divisions and the Austrian and Swiss subsidiaries.

‘The amalgamated company has an excellent competitive position in Germany. Our stated aim is to achieve this position in our foreign markets as well.’

Klaus Hackbarth
Deputy Chairman of the Management Board

Responsible for the Human Resources, International (apart from DACH), Legal, P&C Projects & Customers and Financial Integration International divisions.

‘The integration of the staff of the two companies was rapid and successful. Today, it no longer matters which of the prior companies somebody comes from – we are all part of COR&FJA now.’

Milenko Radic
Member of the Management Board

Responsible for the Products Insurance and Shared Services division.

‘As COR&FJA we offer the European insurance market a unique portfolio of leading standard software. The effectiveness of these products forms the basis for our outstanding expertise in providing solutions.’

Volker Weimer
Member of the Management Board

Responsible for the Banking and IT Services divisions.

‘We are responding to the changes in the banking sector with a modern COR.FJA Banking Suite designed to meet customers’ growing requirements in terms of functionality and process automation.’

Rolf Zielke
Member of the Management Board

Responsible for the Life Projects & Customers division.

‘Even during the merger, the specific wishes of our longstanding customers and new customers were given top priority.
We are committed to this approach, and it is key to the success of our growth strategy.’

Letter from the Management Board

**DEAR SHAREHOLDERS,
CUSTOMERS, BUSINESS ASSOCIATES
AND COLLEAGUES,**

The last accounting year was dominated by the merger of COR and FJA to form the new company COR&FJA AG. With this merger of equals, the new joint undertaking has developed into a leading Europe-wide full-service provider for the entire financial services sector and is outstandingly positioned on the market.

More than 1,000 employees at 16 sites in Germany, the Netherlands, Switzerland, Austria, Slovenia, Slovakia and the US, together with a unique product portfolio, ensure that almost all of our customers' needs in respect of modern, flexible standard software solutions can be satisfied.

From a balance sheet point of view, the 2009 financial year was one of transition: the first-time consolidation of the former COR AG Financial Technologies by COR&FJA AG ('acquisition of COR by FJA') means that for COR, only the months of November and December 2009 will be included in the annual financial statements of COR&FJA. This, in turn, means that for the 2009 accounting year, turnover amounted to EUR 68.4 million and EBT to EUR 1.5 million.

A milestone in the company's history: the merger of COR and FJA

The big day arrived on 19 October 2009: the entry of COR's merger with FJA in the Munich commercial register marked the official completion of the two companies' merger. On the same day, the renaming of FJA AG as COR&FJA AG was entered in the register and thereby took effect. Finally, at the end of November, the company headquarters were relocated to Leinfelden-Echterdingen. This meant that the process which was launched almost three-quarters of a year earlier with an ad-hoc announcement in mid-March could be brought to a successful conclusion before 2009 came to an end. Today it is safe to say that so far, the merger has been a success in every way: not only was the goal of completing the merger by the end of 2009 achieved; the timetable for the two companies' integration within the scope of the respective merger sub-projects will also be completed on schedule. In this annual report, with the help of selected 'Notes on a Merger', we want to give you an overview of the most significant events that were connected with the merger.

It is equally important for COR&FJA that the employees and managers alike should genuinely trust us and that the fluctuation level in our workforce should be extremely low. We on the Management Board know how much work and commitment our employees have invested in the success of this merger over the past few months, and we thank them emphatically for that.

In addition, all of our important existing customers have remained true to us, and this strong commitment can also be seen in our extensive and sustainable existing customer business for 2010. This, too, is a remarkable advance bonus of trust in us and our work, as well as being an important basis for the company's further development – and a reason to say 'thank you' at this juncture.

We have set ourselves the objective of expanding our leading position in Germany to Europe with our merger.

In a difficult economic environment: sales successes in 2009

Even in 2009, despite the global financial and economic crisis, we managed to achieve numerous sales successes: in February, for example, we received a major order from Basler Lebensversicherungs-gesellschaft for the migration of some 300,000 contracts from three previous systems to the new administration system based on COR.FJA Life Factory.

In July 2009, we were able to announce the large-scale order from Signal Iduna, a company in the top ten of German direct insurers. COR&FJA will be the company's strategic partner for restructuring its IT environment in the field of life assurance.

In November 2009, Grundeigentümer-Versicherung became the first German insurance company to opt for the implementation of COR&FJA's new non-life insurance solution. The project with MCE Bank (Mitsubishi Corporation Europe Bank), which decided to adopt COR&FJA's core banking system, was another to be launched before the end of 2009. We were thus able to welcome another important new customer from the automotive finance companies segment.

A focal point of our activities: completing our product platforms

As well as cultivating our existing customers and gaining new ones, our ongoing activities are focused particularly on the targeted further development and completion of our product platforms.

These include, among others, our new non-life insurance solution COR.FJA P&C, which we intend to enhance and consequently turn into the leading non-life insurance system in Germany, Austria and Switzerland this year by investing almost 2,000 person days. The 'SHUK' market (German abbreviation for non-life, third-party liability, accident and motor insurance), which is almost as large as the life insurance market, is still largely dominated by technically obsolete systems. As these systems are usually difficult to maintain and can be upgraded only with a great deal of time and expense, we are assuming that there will be a shakeout on the market. We are forcing our way into this gap with our system. The fact that we are on the right track with this approach is shown by our gaining Grundeigentümer-Versicherung as the first customer for COR.FJA P&C.

The most important enhancement in the insurance field is the conversion to SOA-JEE in COR.FJA Life Factory, for which we are making a total of 4,000 person days in development capacity available in 2010. This is our direct reaction to the demanding requirements of major life insurers with regard to customising and to process and product flexibility. With this system, we want to provide the top-ten segment of life insurers in Germany with optimum service. We are continuing to flexibilise COR.FJA Life with regard to its integration potential and capacity for multinational operation. We bundle all the individual components (Life, P&C, Inkasso, Provision, etc.) within the COR.FJA Insurance Suite so that we can offer the international insurance market the required across-the-board integral solution: a state-of-the-art solution unique in this form which, if required, is also available at any time as an attractive, cost-effective ASP solution. In 2010 a further 2,500 person days have been earmarked for this project.

The primary objective in the banking segment is to optimise the COR.FJA Banking Suite and make it the leading standard full banking system in Germany. Following the acquisition and integration of the two core banking systems COR-PARIS in the mortgage lending institutions segment and MBS Open for private banks, the integration of these two systems into the COR.FJA Banking Suite began in 2009. In the process, the peripheral systems are selected using the 'best-of-breed' approach or developed afresh using modern technology. For this development stage, too, another substantial investment of almost 3,500 person days is scheduled in 2010. One of the COR.FJA Banking Suite's first important new customers was MCE Bank, and we are expecting more new customer business during the course of the year 2010.

Share price trend

In a market environment that was still highly volatile, the COR&FJA share price held its own in the first half of 2009, reaching its highest level of EUR 2.98, 56 per cent higher than at the beginning of the year, on 20 February 2009. It cannot be ruled out that the price trend over the months preceding this high point was more strongly influenced by the gradual acquisition of shares in msg systems AG and/or COR AG than by fundamental news about the company. As per 30 June 2009 the share was still listed at EUR 2.07, almost nine per cent higher than its price at the start of the year, despite the general undervaluation prevailing on the financial markets and the declining level of the reference index Technology All Share. The COR&FJA share was then not quite able to follow the generally positive trend in the second half of the year, returning to its opening price for the year of EUR 1.90 as per 30 December 2009. The comparative Technology All Share index closed 2009 with an increase of almost 23 per cent.

Despite a price trend which has not been altogether satisfactory, we are firmly convinced that investors who opt for an investment in our company are making the right decision. We are supporting this conviction by appearing regularly at roadshows and capital market conferences and by conducting individual talks and telephone conferences with analysts and institutional investors. In addition, we publish annual and quarterly reports, press releases and ad-hoc announcements, thereby informing the local and national business publications and private shareholders in equal measure.

Outlook: the objectives for 2010

In carrying out this merger, we have set ourselves the objective of expanding our leading position in Germany and Europe. The starting point for this goal is highly promising: COR&FJA has emerged on the market as one of the leading standard software companies for the whole European financial services sector with its main emphasis on insurance companies, banks and company pension schemes. Our extensive product portfolio for life assurance and health and non-life insurance on the one hand, and for universal, private, direct and transaction banks, automotive finance companies and mortgage lending institutions on the other, gives us outstanding market opportunities and an excellent competitive position.

This applies in particular to our planned further internationalisation process, because as well as enjoying a strong market position in the German-speaking countries, COR&FJA's software is used all over the world. Users in more than 15 European countries, the US and Australia are already applying our solutions.

This is partly offset by the still rather sluggish progress being made with the acquisition of new customers in both the insurance and banking areas. Although some large-scale inquiries are in the pipeline, our customers' decision making processes are still longer than in the preceding years due to the persistence of the financial and economic crisis.

What we are expecting in connection with this, however, is a further intensification of regulation in the entire financial services sector as a direct consequence of the crisis. In terms of the solutions being deployed at present, this will result in a great need for adjustment and give added impetus to the trend towards standard software use. This corresponds precisely to the experience we gathered in the aftermath of the financial crisis in 2002.

In this respect, we are taking a generally optimistic view of the ongoing year 2010 and are demonstrating this – as described above – by making the enhancement of our product portfolio and the expansion of our international business essential focal points of our future activities. For the 2010 accounting year, we are expecting turnover of EUR 123.0 million and an operating result before tax (EBTA) of EUR 7.5 million.

We look forward to developing the company further as an internationally leading supplier for the entire financial services industry and to making the most of the opportunities ahead together with you, our shareholders, customers, business associates and colleagues.

Yours faithfully,

Ulrich Wörner
Chairman of the Management Board

Our activities focus on offering opportunities to get to know new colleagues through participation in specialist personnel development measures and, in doing so, to build networks among members of staff, teams, departments and divisions.

The Human Resources division is working hard on the issue of combined personnel development.


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COR&FJA Group

An exceptional range of powerful, modern and flexible standard software packages for insurance companies and banks in Europe.

A FULL-SERVICE PROVIDER FOR INSURANCE COMPANIES (LIFE AND NON-LIFE) AND BANKS

The COR&FJA Group is a leading software and consulting firm for the European financial services industry, focusing on banks and insurance companies as well as company pension scheme providers. It offers an extensive range of solutions for life assurance companies (Life), health and property insurers (Non-Life) and for universal, private and mortgage lending banks.

The service spectrum ranges from the development and implementation of standard software and provision of consultancy services to the taking over of IT operations (Application Service Providing).

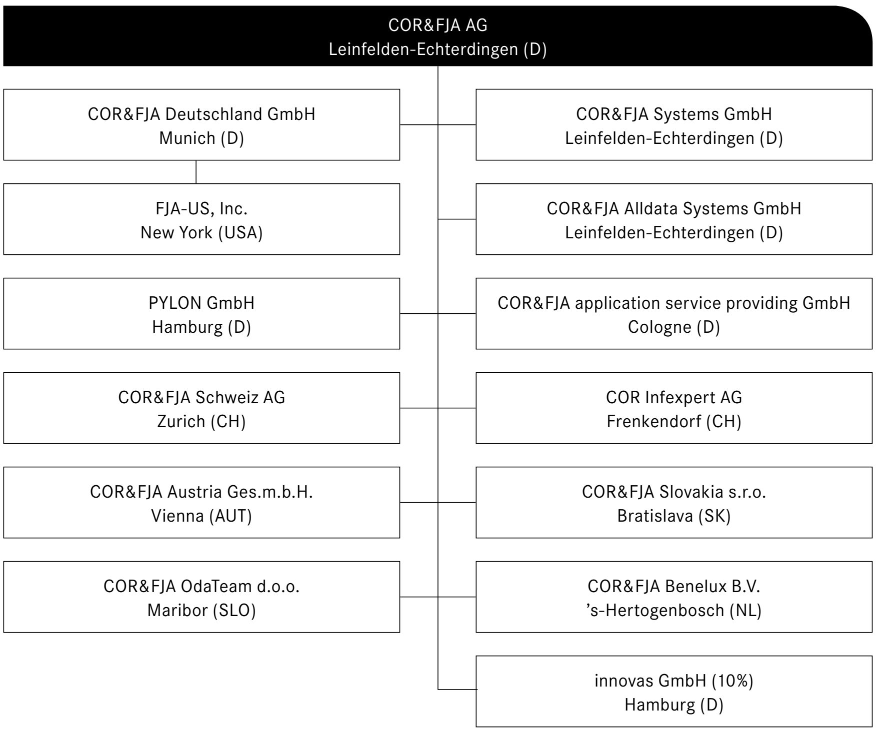
Drawing on 30 years of experience in the market, our dedicated team of high-calibre specialists develops state-of-the-art solutions that provide all-round support for our customers. The name COR&FJA stands for a unique combination of outstanding specialist knowledge, process know-how and IT expertise.

COR&FJA is the market leader for the life assurance segment (Life) in German-speaking countries, and has a strong market position in Europe. In the non-life segment too, a growing number of well-known health and property insurance companies in Germany and abroad have opted for software solutions from COR&FJA.
Our modern, flexible and reliable IT solutions deliver considerable time savings and cost benefits for our customers, enabling them to strengthen their competitive position. Because the solutions are systematically tailored to the requirements of a service-oriented architecture, our software can be rapidly integrated or upgraded.

Our standard software supports multiple clients, currencies and languages and as a result can also be rapidly and flexibly deployed, including in an international context. Our solutions are already in use in 30 countries, including the US and Australia.

COR&FJA sees itself as a partner to insurance companies and banks. Ongoing product development is focused strictly on the needs of our customers and the requirements of the market, in order to guarantee the value of our solutions well into the future.

When it comes to projects, our customers are also always our partners. From analysis to implementation to maintenance, we consult closely with them on each stage of the process, achieving a collaborative relationship built on mutual trust. This enables us to ensure that our solutions bring the greatest possible benefits to the companies. Our work has resulted in numerous successfully concluded projects and satisfied customers.



Structure/Locations

The COR&FJA Group, which has its head office in Stuttgart and offices in Düsseldorf, Frankfurt, Hamburg, Kiel, Cologne and Munich, as well as subsidiaries in Austria, Switzerland, Slovakia, Slovenia, the Netherlands and the US, currently employs around 1,000 staff.

POWERFUL SOLUTIONS FOR THE EUROPEAN INSURANCE AND BANKING MARKET

Ongoing development of the software components of the two platforms – COR.FJA Insurance Suite and COR.FJA Banking Suite – has produced an exceptional range of powerful, modern and flexible standard software packages for insurance companies and banks in Europe.

We also offer Application Service Providing (ASP) for our high-performance standard software solutions and services, depending on our customers' requirements. In this case COR&FJA takes care of the installation, configuration, maintenance, updating, ongoing development and support, and is responsible for security, back-up and recovery. This enables our customers to benefit from the specialisation and technical quality of the IT solutions on offer and to gain financial flexibility by avoiding large investments in IT infrastructure and software licences.

OUR SOLUTIONS PORTFOLIO – STANDARD SOFTWARE OFFERING FLEXIBILITY AND COST BENEFITS FOR A COMPETITIVE EDGE

Insurance (Life and Non-Life)

The COR.FJA Insurance Suite is a complete solution for insurance companies (life and non-life), which consists of upgradable and highly configurable standard software components and fully replicates all the relevant business processes in an insurance company.

The high configurability, the use of a product server and the modern, service-oriented technology mean changes can be made rapidly to products and processes, enabling us to react promptly to customer requirements and market developments.

The components of the COR.FJA Insurance Suite can be combined specifically for each customer, or used as separate services. Other COR&FJA modules, individual add-ons or software components from other providers can be integrated via the standard interfaces provided. This enables each customer to set up its IT environment specifically to meet its own needs.

MAIN PRODUCT COMPONENTS OF THE COR.FJA INSURANCE SUITE

COR.FJA Life
Policy management system
for life assurance companies

COR.FJA Life supports contract management for all common life assurance and pension products. Individual add-ons, additional COR&FJA modules or software components from third parties can be flexibly incorporated via standardised interfaces. The solution has fully integrated standardised processes, supports multiple languages and currencies, and can be quickly and economically installed.

COR.FJA Life Factory
Policy management system
for life assurance companies

As a universal standard system, COR.FJA Life Factory and its supplementary systems cover the key business processes conducted by life assurance companies and pension fund institutions over the lifecycle of an insurance contract – both for business with private customers and for company pension schemes. As the system is based on an SOA approach, it can be readily integrated into the IT environment of an insurance company.

COR.FJA SymAss
All-sector system for insurance companies
in Eastern Europe

COR.FJA SymAss in particular meets the needs of insurance companies looking for a streamlined, cost-effective management system which covers the core functions of insurance companies and can be implemented very flexibly. The system enables new products to be rapidly developed and launched, and supports multiple clients, currencies and languages.

innovas HI
Policy management system
for health insurance companies

The portfolio, product, benefit and statistics components of innovas HI cover the entire operational core business of a health insurance company. innovas HI is based on modern, service-oriented architecture and Java technology. The software can be readily integrated into existing IT environments and adapts to the company's specific requirements.

COR.FJA P&C
Policy management system
for property insurance companies

COR.FJA P&C, a cross-sector solution for all composite insurance companies, includes contract management along with all the main business transactions from new business to contract amendments to contract termination. The system is based on a fully service-oriented architecture and supports multiple languages, currencies and clients.

FJA Product Machine
Software for product development,
introduction and maintenance

FJA Product Machine, which is suitable for all branches of insurance, enables products, business rules and calculations along with the related documentation to be developed and managed in a single tool.

COR.FJA Merica
Risk evaluation module
for personal insurance companies

COR.FJA Merica is a component-based standard solution for the complete proposal examination and risk evaluation process (Straight Through Processing) in the life, health and accident insurance segments. The system offers dynamic question generation, making it suitable for use in teleunderwriting as well.

COR.FJA Alamos
Software for risk management
and product development

The standard software package COR.FJA Alamos (Asset Liability and Model Office System) allows insurance companies to conduct a qualitative and quantitative analysis of the effects of planned management decisions, possible market developments or other factors in advance.

COR.FJA RAN
Pension settlement
and documentation system

COR.FJA RAN controls, monitors and keeps records of all planned and unplanned business transactions that occur in relation to the disbursement of ongoing benefits in individual and collective business. The system supports all the business processes involved in ongoing pension payments arising from annuity, occupational disablement, accident and pension contracts.

COR.FJA Zulagenverwaltung
Solutions for managing allowances processes

The standard software for managing Riester products is an automated solution with full traceability that handles the processes involving the provider, the German central allowance authority for pension assets (Zentrale Zulagenstelle für Altersvermögen, ZfA) and the people entitled to such allowances. It supports statutory activities and reporting requirements relating to pension allowances through various business processes.

COR.FJA Commission
Administrative solutions
for commission accounting

COR.FJA Commission covers the main structures required by an insurance company for complete commission processing. The company's individual agreements and systems of rules are replicated as are its various calculation parameters and payment methods.

COR.FJA Office
Business transaction management and
processing of documentation

COR.FJA Office provides functions (capture, distribution, processing and archiving of data) that are required for convenient, paper-saving processing. COR.FJA Office can be used as an intelligent front office for processing, in conjunction both with the leading archive and document management systems, and with corresponding Enterprise Content Management solutions.

Consulting

As well as offering products, we also advise insurance companies and find solutions to their specific requirements. Drawing on our extensive technical and sector knowhow, we support insurance companies in the conceptual planning and successful implementation of their projects.

Our consulting activities focus on product strategy, development and implementation, risk management and portfolio migration. In this, we offer our customers tried-and-tested tools and an established procedural model which provides optimum support for migrations from any source system to any target system in all insurance segments, thereby minimising costs and risk.

OUR SOLUTIONS PORTFOLIO – STANDARD SOFTWARE OFFERING FLEXIBILITY AND COST BENEFITS FOR A COMPETITIVE EDGE

Banks

The COR.FJA Banking Suite is the most comprehensive functional offering for banks currently available on the German market. The integration of the MBS Open products (private and universal banks) and the mortgage lending institution system COR-PARIS makes the COR.FJA Banking Suite a powerful tool enabling universal, private and specialist banks of any size to optimise their business processes and improve their market position.

With this package of services plus consulting and wide-ranging ASP services, COR&FJA has the potential to extend its market lead in the German banking sector and also operate successfully in the European market. Over thirty German customers currently rely on products from the COR.FJA Banking Suite.

MAIN PRODUCT COMPONENTS OF THE COR.FJA BANKING SUITE

MBS Open
Core banking system for private banks

MBS Open is a tried-and-tested standard software package which optimally replicates and supports the business of private and universal banks, direct and automotive banks and specialist institutions. The main focus of the core banking system is the replication of business processes, which with MBS Open can be flexibly adapted to meet company-specific requirements.

COR-PARIS
Core banking system
for mortgage bond banks

COR-PARIS supports all the operational functions of mortgage lending institutions in Germany and abroad. With its efficient business process optimisation and ability to integrate fully into all parts of the company, the system supports streamlined company structures. The standard software covers the entire value chain from client management to contract management, payments and reporting to accounting.

COR-Pfandbrief
Management and monitoring of cover values

COR-Pfandbrief is a software package for managing and monitoring cover values in accordance with the German mortgage bond act (Pfandbriefgesetz, PfandBG) and the stipulations of the German financial supervisory authority (BaFin). The mortgage bond database holds all data required for the provision of cover (transaction/object/collateral data), for cover calculation, for reporting and the maintenance of the electronic cover register.

MBS Credit
Solutions for calculating instalments
and loans

MBS Credit is a platform-independent IT solution for lending business, which is notable for its flexibility, the efficiency of its process flows, its wide range of mathematical calculation options, its ability to be customised, its rapid product generation and its user-friendliness.

MBS Ausland
Solutions for settling transactions
with other countries

MBS Ausland is a platform-independent, multi-language enabled client solution for the efficient processing of a bank's foreign transactions. The solution meets the following requirements, among others: assisting customers with their international transactions, adaptation to legal requirements, and process optimisation.

MBS Zahlungsverkehr
Central distribution system
for payment transactions

The payments system offers complete, automated processing of payments, and is capable of handling all formats and clearing mechanisms.

COR-RiskMan
Software for risk management
in the area of market risks

The COR-RiskMan program package is a standard software package for risk management in relation to market risk, and for fulfilling legal reporting requirements. The central component is the cash flow generator, which determines the cash flows for all the company's business transactions and presents them for further analysis.

COR-Tax
Software solutions for
calculating capital gains tax

The standard software package COR-Tax is a central tax calculation module which calculates the withholding tax due and supplies data for the certificates and notifications that are required. The system thereby implements the statutory requirements arising from the introduction of the German flat-rate withholding tax on 1 January 2009.

COR-Finca
Financial calculation module

COR-Finca is a module for performing financial calculations, primarily for lending and credit business, for domestic and foreign financial service providers. The standard software is integrated into the existing system environment and thus provides the opportunity, via various calculation options, to match the calculation result to each company's individual requirements.

COR-Basel II Suite
Software for determining
minimum capital requirements

The COR-Basel II Suite is a modern standard solution which provides optimum support for banks in determining their minimum capital requirement. The system incorporates all the Basle II requirements valid under German law. The solution contributes to the streamlined organisation of the business by offering efficient business process optimisation and by the fact that it can be fully integrated into all areas of the company.

COR-Risk and Regulatory Reporting Suite
Calculation of secondary risks
and regulatory reporting requirements

The COR-Risk and Regulatory Reporting Suite provides optimum support for banks in linking their existing operational systems to the leading reporting standard products SAMBAplus and ABACUS/DaVinci. The solution supplies these products with the data required to generate the necessary banking statistics reports and bank reports required for supervisory purposes.

Consulting

In the area of bank consulting, COR&FJA supports banks with product-independent, customised consulting services, addressing issues from the fields of core banking and overall bank management in particular. Bank consulting services include process and business consulting, integration management for standard software systems, and IT management consulting. The main business areas covered include credit, securities/withholding tax, reporting, internal reporting and accounting.

Our employees' wealth of experience in the relevant business areas, our use of tried-and-tested methods and tools, and our close collaboration with our customers ensure the success of our projects.

Employees

On 31 December 2009, a total of 1,030 people were employees of the COR&FJA group of companies. This is more than double the number employed at the beginning of the year (31 December 2008: 503). This large increase is based mainly on the merger of COR AG and FJA AG on 19 October 2009.

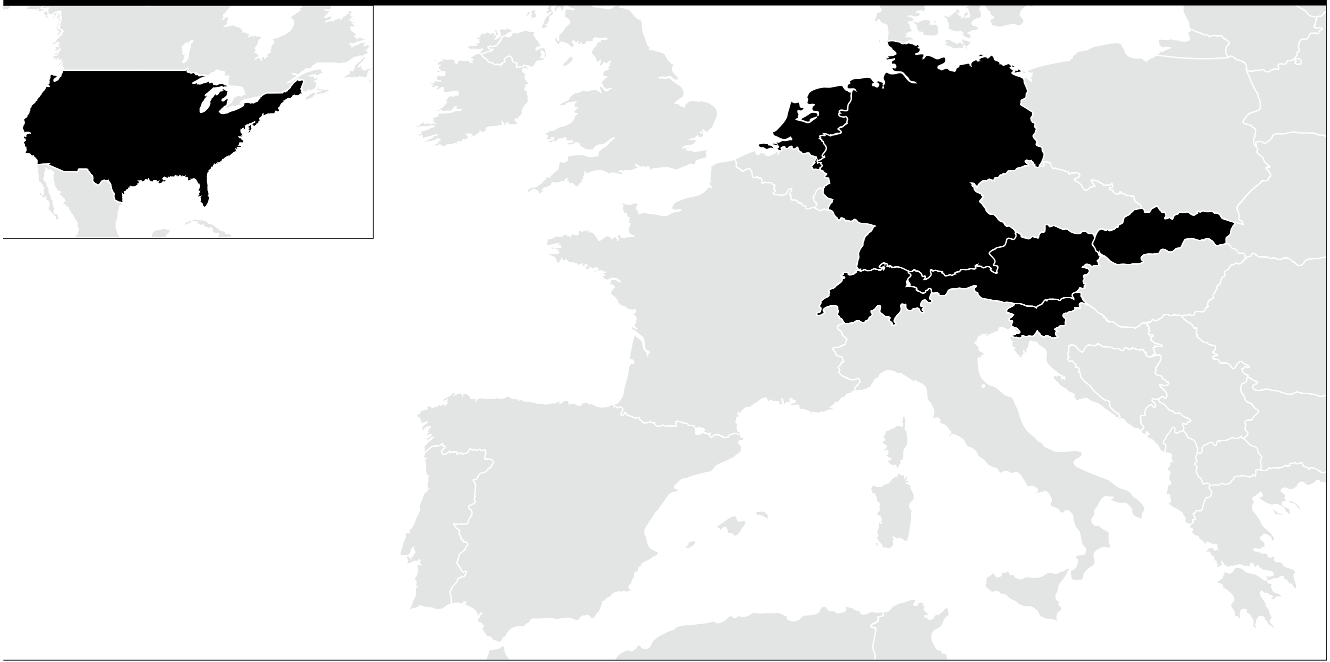
COR continued its activities for identifying young talent during the year of the merger and focused on universities and colleges, taking part in recruiting events at selected universities. COR's connections to talented young students means it can quickly transfer modern know-how from universities to the company, and, at the same time, can position itself in this job market in a timely fashion, while demonstrating that it is an attractive employer.

Furthermore, the Stuttgart office of COR&FJA continues to be active in the field of dual vocational training. The successful cooperation with the vocational training institution Duale Hochschule Baden-Württemberg (DHBW, Baden-Württemberg Cooperative State University) in the subject areas of Business Information Technology and Information Technology is also ongoing. In the years ahead, COR&FJA will also be investing in the training of students who are also studying at DHBW at the same time.

In the last financial year, the contribution by all our employees was outstanding, particularly during the merger of COR and FJA to create COR&FJA AG. The Management Board would like to express its profound thanks and appreciation for this support.

COR&FJA Group	Employees	in %
COR&FJA Alldata Systems GmbH	86	8
COR Infexpert AG	9	1
COR&FJA AG	45	4
COR&FJA asp GmbH	21	2
COR&FJA Austria Ges.m.b.H	20	2
COR&FJA Deutschland GmbH	319	31
COR&FJA OdaTeam d.o.o.	22	2
COR&FJA Slovakia s.r.o.	88	9
COR&FJA Systems GmbH	293	28
COR&FJA Benelux B.V.	6	1
COR&FJA Schweiz AG	28	3
FJA-US, Inc.	65	6
PYLON GmbH	28	3
Total	**1,030**	**100**

Locations worldwide



GERMANY

STUTTGART

COR&FJA AG (Head Office)
Karlsruher Straße 3
D-70771 Leinfelden-Echterdingen
Tel.: +49 711 94958-0

COR&FJA Systems GmbH
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Tel.: +49 711 94958-0

COR&FJA Alldata Systems GmbH
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COR&FJA Deutschland GmbH
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COLOGNE

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COR&FJA Deutschland GmbH
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Tel.: +49 221 3380-0

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Tel.: +49 89 76901-0

COR&FJA Alldata Systems GmbH
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Tel.: +49 89 76901-0

COR&FJA Deutschland GmbH
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Tel.: +49 89 76901-0

FJA bAV Service GmbH
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Tel.: +49 89 76901-0

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COR&FJA Deutschland GmbH
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Tel.: +49 40 99996-600

PYLON GmbH
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Tel.: +49 40 99996-600

KIEL

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D-24109 Kiel

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Zuiderparkweg 284
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Tel.: +31 73 6895587

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Tel.: +43 1 58070

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KOŠICE

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SLOVENIA

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COR&FJA OdaTeam d.o.o.
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Tel.: +386 2 2356-200

USA

NEW YORK

New York
FJA-US, Inc.
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New York NY 10018
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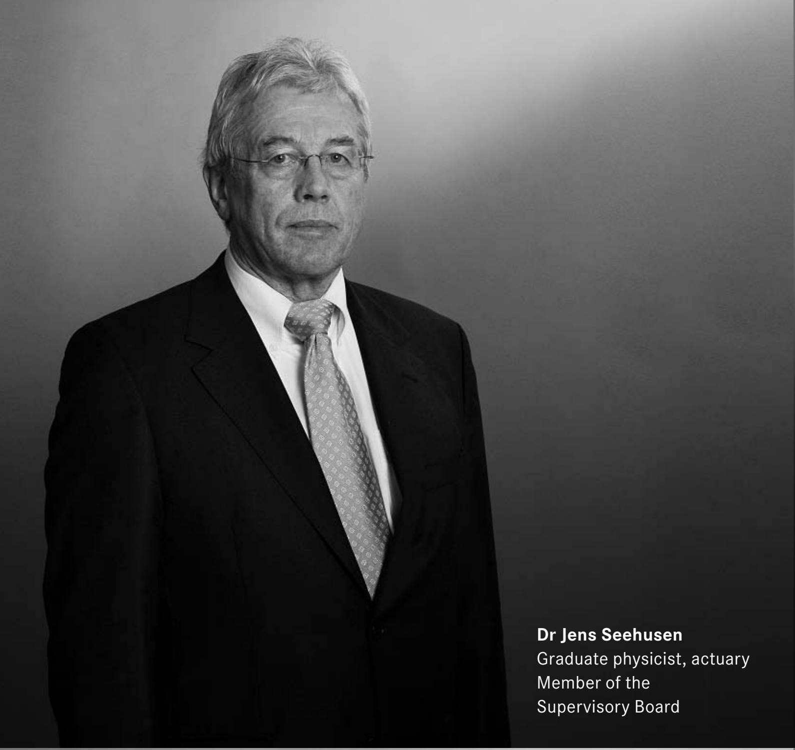
Tel.: +1 212 840-2618

DENVER

Denver
FJA-US, Inc.
700 Seventeenth Street
Suite 1900
Denver, CO 80202

The workload produced by the merger was immense: preparation of the 2009 annual financial statements with integration of the former COR; implementation of a joint and standardised monthly forecasting process, and joint budget planning for 2010.

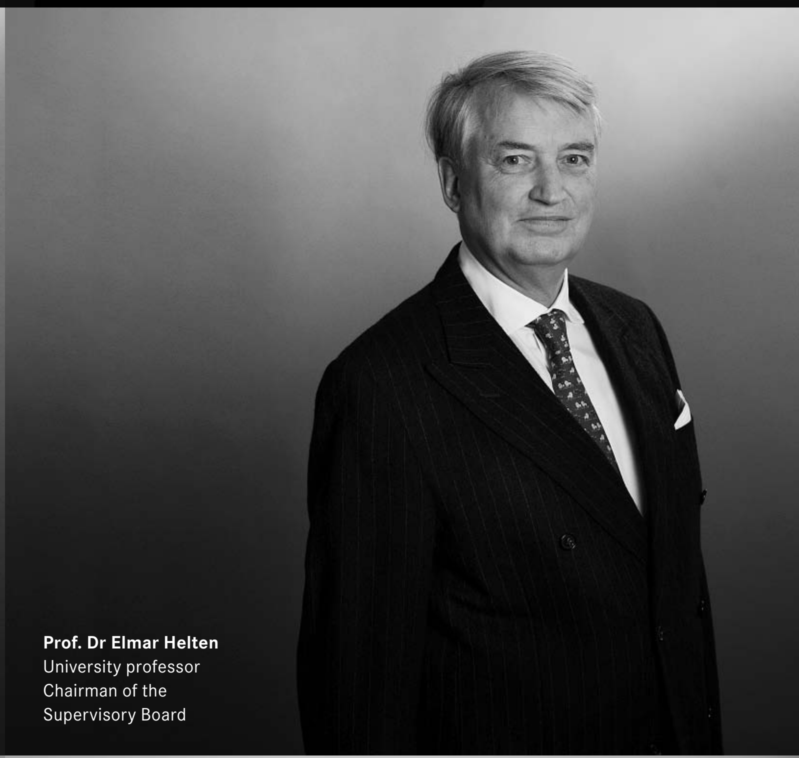
Amongst other things, the different accounting systems had to be standardised.



Dr Jens Seehusen
Graduate physicist, actuary
Member of the
Supervisory Board

Dr Klaus J. Weschenfelder
Graduate mathematician, actuary
Member of the
Supervisory Board

Thomas Nievergelt
Solicitor and notary
Member of the
Supervisory Board



Prof. Dr Elmar Helten
University professor
Chairman of the
Supervisory Board

Klaus Kuhnle
Management consultant
Deputy Chairman of the
Supervisory Board

Prof. Dr Christian Hipp
University professor
Member of the
Supervisory Board

Report by the Supervisory Board

The Supervisory Board diligently performed the duties incumbent on it according to the law and the company statutes in the 2009 financial year. It continuously monitored the activities of the Management Board and guided them in an advisory capacity. For this purpose, the Management Board informed the Supervisory Board regularly, promptly and comprehensively about both its business planning and the actual development of the company. At the meetings, the Supervisory Board always concerned itself in detail with the company's current business and financial position, its risk management including the risk provisioning undertaken by the Management Board, the short and longer-term corporate planning and the composition and organisation of the Management Board.

MAIN FOCUS OF THE SUPERVISORY BOARD'S MONITORING AND ADVISORY ACTIVITIES

In the year under review the Supervisory Board convened for 10 ordinary Supervisory Board meetings. To enable the board members to prepare for the meetings, the Management Board provided the Supervisory Board with written reports and decision proposals several days prior to each meeting.

In performing its tasks, the Supervisory Board drew on the information provided in writing and verbally by the members of the Management Board. It also called in external experts to help with specific issues, where it considered this necessary. This included, in particular, in-depth legal consulting with external providers in connection with the merger of COR and FJA.

The first meeting, held on 21 January 2009, covered, in particular, the provisional results for the 2008 financial year, the status for the 2009 financial year and the state of progress of the talks with the representatives of COR AG. In addition, changes to the ownership structure of the US subsidiary were discussed and approved.

At the Supervisory Board meeting on 10 March 2009, the Management Board presented its plans for the merger, and the Supervisory Board and Management Board discussed in detail the associated opportunities and risks. On 11 March 2009, the Supervisory Board then decided, in a circular resolution, to join the Management Board in approving the merger.

At the accounts meeting on 30 March 2009, the Supervisory Board and the auditor held an intensive discussion on the company and consolidated financial statements and on the condensed management report and Group management report for the 2008 financial year.

At the meeting on 22 April 2009, the targets for the year in progress were finalised. Also discussed was the appointment of Klaus Hackbarth and Rolf Zielke to the Management Board with effect from 1 May 2009, and the current status of integration preparations in relation to the planned merger.

On 25 May 2009, the preliminary due diligence findings were presented and discussed in detail, as were the draft merger agreement and draft merger report. The preparations for the 2009 Annual General Meeting (AGM) were also discussed, including the dividend payout proposal for the AGM.

At the meeting on 8 June 2009, the Supervisory Board discussed and approved the submitted draft merger agreement and the merger report, and approved the main agenda items for the forthcoming AGM.

A Supervisory Board meeting was held immediately after the AGM on 28 July 2009, at which, among other things, the chairman and deputy chairman of the Supervisory Board were elected, and elections were held to fill positions on the committees.

The Supervisory Board meeting on 4 September 2009 was mainly dedicated to the review of the first half and outlook for the second half of 2009, and for the financial year as a whole. The Management Board also reported on the current status of the merger projects.

On 19 October 2009 the new Management Board members and the Chairman and Deputy Chairman of the Management Board were appointed. In addition, the draft version of a new set of procedural rules for the Management Board was discussed and the organisation chart put forward by the Management Board was approved.

At the meeting on 8 December 2009, the Supervisory Board and Management Board discussed the draft Declaration of Compliance with the German Corporate Governance Code (DCGK). As well as this, plans for the annual financial statements were discussed, and in particular the purchase price allocation and the company's internationalisation strategy going forward. The new procedural rules for the Supervisory Board and the Management Board were also discussed and approved.

A KEY FOCAL POINT: THE MERGER OF COR AND FJA

The merger of COR and FJA to form COR&FJA AG was a major event for the company. Therefore the Supervisory Board was involved fully, and without delay, in all issues and decisions surrounding the merger. At the first meeting on 21 January 2009, the Management Board informed the Supervisory Board in detail of its discussions with the COR Management Board. Following this, the Management Board was authorised to conduct further discussions with COR with a member of the Supervisory Board present.

At the first March meeting on 10 March 2009, the Management Board set out the key elements of its merger concept. The draft of a letter of intent (LOI) was also presented and discussed. On the basis of this detailed information, following a circular resolution on 11 March 2009, the Supervisory Board decided to join the Management Board in approving the intended merger. At the meetings on 30 March and 22 April 2009, the status of integration preparations in terms of the Product, Administration and Culture subprojects was discussed in depth, and due diligence preparations were made. On 25 May 2009, the preliminary results of the financial, tax and legal due diligence were presented and discussed in detail.

At the meeting on 8 June 2009, the Supervisory Board discussed and approved the draft merger agreement that was presented, and the merger report, and approved the main agenda items for the forthcoming AGM. On 4 September 2009, the actions for rescission from the two AGMs were discussed and the further course of action agreed. In all subsequent meetings of the Supervisory Board as well, the latest merger developments were always on the agenda, such as the reorganisation of the Management Board portfolios, the status of the main merger projects and the future course of action on these, and plans relating to the annual financial statements.

THE WORK OF THE COMMITTEES

To enable it to perform its tasks efficiently, the Supervisory Board set up two committees. Their role is to take care of the preparations for the Supervisory Board's meetings and decisions. They are the Audit Committee and the Personnel Committee. The Audit Committee is chaired by Dr Klaus J. Weschenfelder, and the Personnel Committee by Prof Dr Elmar Helten. The Supervisory Board is kept regularly and fully informed of the activities of the committees.

During the period under review, the Audit Committee was convened for a meeting on 16 March 2009. The meeting focused primarily on the auditor's reports and talking through the audit reports of FJA AG, FJA Feilmeier & Junker GmbH and the FJA Group for the 2008 financial year. The committee also discussed and established what it considered to be the important topics for the forthcoming meetings. After the successful merger of COR and FJA to form COR&FJA AG, the topics dealt with by the Audit Committee, such as the company's current economic situation and the economic developments of the individual divisions, were dealt with at the various Supervisory Board meetings up until the end of the reporting period.

In the 2009 financial year detailed discussions were held on all relevant subjects between the members of the Personnel Committee ahead of the Supervisory Board meetings, and the findings of these discussions were then discussed and decided on by the full Supervisory Board. Issues covered included in particular the preparations for personnel decisions regarding the composition of the Management Board and division of responsibilities following the merger of COR and FJA, and the associated contractual provisions.

CORPORATE GOVERNANCE AND DECLARATION OF COMPLIANCE

In its management, supervision and steering of the company, the management of COR&FJA AG orients itself to the rules of the German Corporate Governance Code (DCGK). The Management Board and Supervisory Board report jointly on corporate governance at COR&FJA in the Corporate Governance Report on pages 36 to 39.

In December 2009 the Supervisory Board and Management Board issued a joint Declaration of Compliance with the German Corporate Governance Code in accordance with Section 161, German Stock Corporation Act (AktG) and made it permanently accessible on the company's website.

There were no fundamental conflicts of objective or differences of opinion between Management Board or Supervisory Board members in the last financial year. No member of the Supervisory Board was absent from more than half of the Supervisory Board meetings that took place during his tenure in the 2009 financial year.

The efficiency of the Supervisory Board's work was the subject of a separate discussion at a plenary session at which the Management Board was not present. No action was deemed necessary in relation to the activities of the Supervisory Board or the content and conduct of the meetings.

AUDIT OF THE 2009 FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

On 28 July 2009 the AGM appointed kleeberg audit GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditor. The Audit Committee discussed the 2009 financial statements and consolidated financial statements in detail with the auditor. The Audit Committee members then reported to the Supervisory Board on the financial statements and consolidated financial statements. Further questions from the Supervisory Board were answered by the auditor.

The 2009 financial statements and consoldated financial statements and the condensed management report and Group management report have been audited by the auditor, kleeberg audit GmbH Wirtschaftsprüfungsgesellschaft, Munich, and granted an unqualified audit certificate. These financial statements and reports and the auditor's audit reports were forwarded to every member of the Supervisory Board. The Supervisory Board went over them in detail with the auditor and the Management Board at the Audit Committee meeting and the Supervisory Board meeting on 27 April 2010 at which the financial statements were finalised.

The Supervisory Board, too, conducted its own detailed audit of the annual financial statements, the consolidated financial statements, the condensed management report and Group management report and raised no objections to them. The Supervisory Board approved the company and consolidated financial statements prepared by the Management Board, and consequently the annual financial statements were adopted in accordance with Section 172 AktG.

With regard to the stake held by msg systems AG, Ismaning, in COR&FJA AG, the Management Board submitted to the Supervisory Board the Report on Relationships with Affiliated Companies for the 2009 financial year in accordance with Section 312 AktG and the audit report on this subject prepared by kleeberg audit GmbH Wirtschaftsprüfungsgesellschaft, Munich, as the auditor, in accordance with Section 313 AktG. As no queries arose in the course of the audit, the auditor issued this audit opinion:

'Following our statutory audit and assessment we confirm that

1. the actual information in the report is correct,
2. the company's payments in connection with the legal transactions mentioned in the report were not unreasonably high,
3. with regard to the measures mentioned in the report, there are no factors suggesting a substantially different assessment than that of the Management Board.'

The Supervisory Board checked and approved the Report on Relationships with Affiliated Companies and the accompanying audit report. The Supervisory Board raises no objections to the Management Board's closing declaration in the report.

CHANGES TO THE SUPERVISORY BOARD AND MANAGEMENT BOARD

In the elections to the Supervisory Board, the annual general meeting on 28 July 2009 elected Prof. Dr Elmar Helten, Klaus Kuhnle, Prof. Dr Christian Hipp, lic. iur. Thomas Nievergelt, Dr Jens Seehusen and Dr Klaus J. Weschenfelder to the company's Supervisory Board. The Supervisory Board would like to thank Thies Eggers, Manfred Herrmann and Dr Jochen Schwarz, who stepped down from the Supervisory Board with effect from the end of the AGM, for their helpful and constructive collaboration in the past.

Michael Junker and Thomas Junold stepped down from the Management Board. The Supervisory Board would like to thank them also for their work over the past years. Ulrich Wörner was appointed Chairman of the Management Board, Klaus Hackbarth was appointed Deputy Chairman, and Milenko Radic, Volker Weimer and Rolf Zielke were appointed members of the Management Board.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

With effect from 15 March 2010, COR&FJA AG bought back 25.1 per cent of the shares in COR&FJA Alldata Systems GmbH from the bank Sal. Oppenheim jr. & Cie. S.C.A., Luxembourg/ Luxembourg, for a purchase price of EUR 1.255 million. As a result, COR&FJA Alldata Systems GmbH is now wholly owned by COR&FJA AG.

The Supervisory Board would like to express its thanks to the Management Board and all the staff in recognition of their dedication, extraordinary achievements and great loyalty in the past financial year. This applies especially to their time-consuming and successful work in connection with the merger of COR and FJA to create the new COR&FJA AG.

Leinfelden-Echterdingen, 27 April 2010
For the Supervisory Board

Prof. Dr Elmar Helten
Chairman of the Supervisory Board


COR & FJA

Our team spent a long time discussing the new logo in detail. The design that we have now agreed upon successfully communicates the merger of equals: two established brands join forces to form a new and major force to be reckoned with.

The company's new logo was developed in the 'Administration' merger sub-project.

Corporate Governance Report

The Management Board, also in the name of the Supervisory Board, is filing the following report according to Clause 3.10 of the German Corporate Governance Code.

Corporate Governance at COR&FJA AG fulfils all statutory requirements of the German Stock Corporation Law and to a great extent meets the recommendations of the German Corporate Governance Code. In December 2009, the Management Board and the Supervisory Board issued an updated Declaration of Compliance in accordance with Section 161 of the German Stock Corporation Act (AktG). The official Declaration of Compliance of the Management Board and the Supervisory Board is published on the COR&FJA AG website at www.cor.fja.com in the division of Investor Relations in the section Corporate Governance and is updated when changes are made. The company does not meet all the recommendations of the German Corporate Governance Code in the version of 18 June 2009. The following text details which aspects are different and why there are deviations.

DEDUCTIBLE FOR D&O INSURANCE

Clause 3.8 (5) recommends that a reasonable deductible is agreed when the company concludes so-called Directors and Officers Liability Insurance (D&O) for the Supervisory Board. The COR&FJA AG is not of the opinion that the high motivation and responsibility with which the members of the Supervisory Board carry out their tasks can be improved by such a deductible. The COR&FJA AG is therefore not planning to change the current D&O insurance contract, which does not provide for a deductible for the Supervisory Board members.

COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD

In Clause 4.2.3 Para 2 (4), the Code recommends that both positive and negative developments should be taken into account when structuring variable compensation elements. At the time of the Declaration of Compliance, the existing contracts with the Management Board did not foresee any (retrospective) consideration of positive and negative developments of variable compensation elements, which had already been granted. The current deviation from the Code is based on the fact that COR&FJA AG must only take the new legal position on structuring variable compensation elements into consideration in the case of future changes to the existing modalities of the variable compensation of the Management Board, and that the existing contracts with the Management Board cannot be changed immediately. In the case of a change in the compensation system, the Supervisory Board will of course take the new statutory regulations for structuring variable compensation elements into account at the time of the next scheduled decision on the compensation of the Management Board; and, at the same time, will decide whether the recommendations of the Code will be taken into consideration in the case of variable compensation elements in future.

Clause 4.2.3 Para. 3 (2) recommends that variable compensation elements for which, for example, compensation elements based on shares or performance should be taken into account, should reflect sophisticated, relevant comparison parameters. COR&FJA AG is not of the opinion that share options and similar sophisticated arrangements must relate to sophisticated, relevant comparison parameters and does not plan to adjust such variable compensation elements to this effect.

In Clause 4.2.3 in Para. 3 (3), the Code recommends carrying out a retrospective change to the performance targets of the comparison parameters as the basis of assessment of variable compensation of the Management Board. COR&FJA AG believes that a retrospective change of the performance targets or of the comparison parameters is, however, permissible and necessary if clear external influences make this obligatory. These are, for example, tax changes or statutory changes that were not previously apparent with regard to the amount or the effective date.

In accordance with Clause 4.2.5 Para. 1 and 5.4.6 Para 3 (1), the disclosure of the compensation of the members of the Management Board as well as the disclosure of the compensation of the Supervisory Board members should be carried out as part of the Corporate Governance Report. COR&FJA AG reports the compensation of the Management Board in components in the management report, and the compensation of the Supervisory Board members in the notes. This form of reporting follows the statutory regulations and, at the same time, avoids unnecessary redundancy caused by repeated reporting.

APPOINTMENT OF THE MEMBERS OF THE MANAGEMENT AND THE SUPERVISORY BOARD

In the Code, Clauses 5.1.2 Para. 1 (2) and Para 5.4.1 (2) include the recommendation that when selecting the Management Board and when nominating members of the Supervisory Board, the Supervisory Board should pay attention to diversity. When selecting the Management Board and in the proposals for the election of the Supervisory Board, COR&FJA AG has in the past, and will continue in the future, to focus on the highest level of competence both in the interests of the company and of the shareholders and will only thereafter take further criteria into consideration.

In the Code, Clause 5.4.1 (2) includes the recommendation that there should be an age limit for members of the Supervisory Board. COR&FJA AG does not foresee any age limit for members of the Supervisory Board since COR&FJA AG considers that such an age limit would constitute an inappropriate restriction of the rights of the shareholders to elect the members of the Supervisory Board.

FORMATION OF A NOMINATION COMMITTEE

In accordance with Clause 5.3.3 of the Code, the Supervisory Board must form a nomination committee that is exclusively made up of shareholder representatives and proposes suitable candidates for the Supervisory Board's nominations for the annual general meeting. Given the size of the company, COR&FJA AG does not foresee the formation of a nomination committee. Furthermore, COR&FJA AG is of the opinion that the efficiency of a Supervisory Board consisting of six members would not be increased through the formation of a nomination committee.

COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD

In Clause 5.4.6 Para. 1 (3.2) the Code recommends that in the case of compensation of the members of the Supervisory Board, the Chairperson and the members should be taken into consideration in the committees. In compliance with its statutes, COR&FJA AG, with regard to the compensation of the members of the Supervisory Board, does not foresee the consideration of the Chairperson and of the members in a committee.

PUBLICATION OF INTERIM REPORTS

The Code recommends in Clause 7.1.2 (4) that consolidated financial statements are made public at the latest 90 days after the end of the financial year and that interim reports are made public at the latest 45 days after the end of the reporting period. Publication within these time limits is not possible due to required internal processes. Therefore, in future, in compliance with the regulations of the Prime Standard stock market segment, COR&FJA AG will publish consolidated financial statements within four months of the end of the financial year and interim reports within two months of the end of the reporting period.

COMPENSATION REPORT

Further information on this subject can be found in the section 'Basic Features of the Compensation System' in the Management Report and Group Management Report and in Note XII Item 1 ('Total Compensation of the Management Board and the Supervisory Board') in the Notes.

SHARE OWNERSHIP OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

As of 31 December 2009, the members of the Management Board and the Supervisory Board received 673,564 shares. The total shares make up one per cent of the shares issued by COR&FJA AG and are subdivided as follows:

	Number of Shares	Number of Options
Board of Directors		
Ulrich Wörner	440,571	139,766
Klaus Hackbarth	0	0
Milenko Radic	142,841	115,591
Volker Weimer	0	44,491
Rolf Zielke	0	0
Supervisory Board		
Prof. Dr Elmar Helten	90,000	0
Klaus Kuhnle	0	0
Prof. Dr Christian Hipp	0	0
Thomas Nievergelt	152	0
Dr Jens Seehusen	0	0
Dr Klaus J. Weschenfelder	0	0

STOCK OPTION PROGRAMME

COR&FJA AG has introduced a stock option programme for the members of the Management Board, members of the management of companies associated with COR&FJA AG and other management staff. The particulars of this programme can be found in Note VIII Item 21 of the Notes.

TREASURY SHARES BUYBACK

On 6 February 2009, FJA AG successfully carried out the buyback of treasury shares. In total, 638,680 shares with a total value of approx. EUR 1.2 million were purchased.

Within the framework of the acquisition of COR AG Financial Technologies by COR&FJA AG, a further 1,267,912 treasury shares with a value of approx. EUR 2.8 million were purchased.

On 31 December 2009, the number of treasury shares was 1,906,592 in total, i.e. 4.45 per cent of the nominal capital.

INFORMATION ON PURCHASE OR SALE OF SHARES BY THE MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

No securities transactions in accordance with Para. 15a of the German Securities Trading Act (WpHG) were reported in the 2009 financial year.

The following table contains information on the purchase and sale of shares of the company or financial instruments associated with these shares by members of the Management Board and the Supervisory Board after the end of the reporting period:

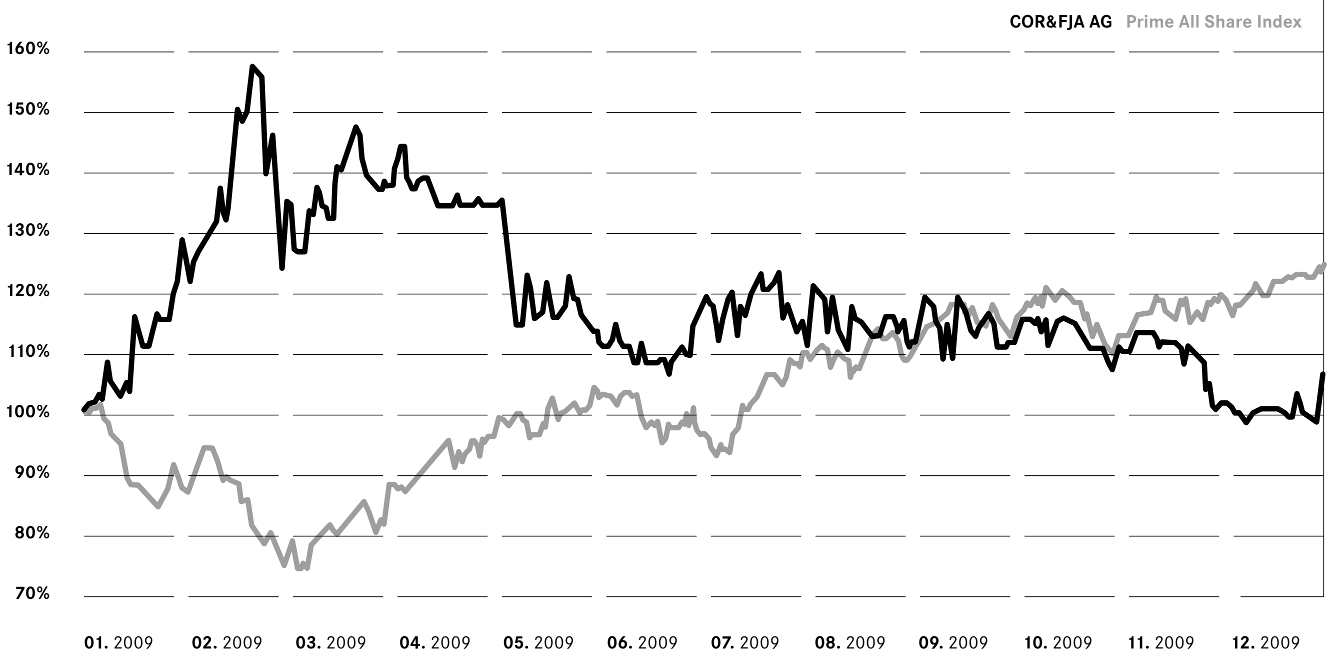
Trading date	Name	Position	Securities description	ISIN	Type of business	Quantity	Currency/ price
05.02.2010	Prof. Dr Elmar Helten	Supervisory Board	No-par-value bearer shares	DE0005130108	Purchase	5,000	1.85
15.03.2010	Prof. Dr Elmar Helten	Supervisory Board	No-par-value bearer shares	DE0005130108	Purchase	5,000	1.80

Following the successful merger, the market capitalisation of COR&FJA AG is now much larger than it was in the past. This obviously increases the appeal for investors and analysts even further.

The market capitalisation of COR&FJA AG
exceeded EUR 81 million as of 31 December 2009.

COR&FJA Share

Share performance (January 2009 – December 2009)

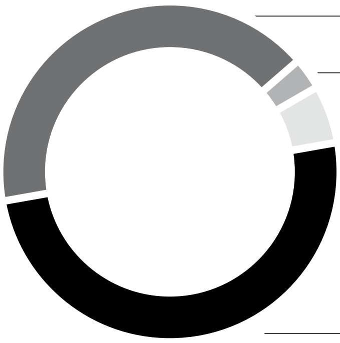


The 2009 stock market year was dominated by the international financial market crisis and the global economic crisis. At the beginning of the year, this had an influence both on the international stock markets and on the development of the German stock market. There were signs of recovery in the second half of the year. At the end of the year, the DAX closed at 6,011.55, a plus of 20.88 per cent. Prime All Share, the sector index relevant for COR&FJA, held its ground with 2,198.11 points at the end of 2009, an overall increase of 22.83 per cent.

Bucking the general trend, the COR&FJA share developed positively at the beginning of the year and posted a high point of EUR 2.98 on 20 February, which corresponds to a plus of 56.84 per cent. Here, the possibility cannot be excluded that the price trend in the months preceding this high point was more strongly influenced by the gradual acquisition of shares in msg systems AG and/or COR AG than by any fundamental company data. On 20 June 2009 the share was still at EUR 2.07, almost nine per cent above its price at the start of the year, despite the general undervaluation prevailing on the financial markets and the decline of the reference index Technology All Share. The COR&FJA share did not entirely follow the generally positive trend during the second half of the year, and reached its lowest level of the year at EUR 1.86 on 14 December 2009. At the end of the year, the value of the share was EUR 1.90 – the same as at the beginning of the year. The comparative index Technology All Share closed in 2009 with an increase of almost 23 per cent.

Key figures		2009	2008	+/-%
Earnings per share	EUR	**0.04**	0.21	-80.9
Highest annual price	EUR	**2.98**	2.72	+9.6
Year-end closing price	EUR	**1.90**	1.80	+5.6
Market capitalisation	EUR millions	**81.32**	38.32	+112.2
Total number of shares	millions (shares)	**42.80**	21.29	+101.0

Shareholder structure



msg systems AG	**45.54%**
Company organs	**1.57%**
Own shares (COR&FJA AG)	**4.45%**
Other free float	**48.44%**

Investor relations activities

In 2009, COR&FJA AG continued to focus on timely, comprehensive information from institutional investors, analysts, representatives of business publications and private shareholders about economic development and also about the merger of our company. A great number of press and ad-hoc publications as well as the publication of annual and quarterly reports took this goal into account.

In one-to-one discussions and in telephone conferences, the Management Board informed interested investors about the strategic orientation and the operative development of the new company group. In addition to these methods of communication, COR&FJA also gave a presentation during the German Equity Forum from 9 to 11 November 2009 in Frankfurt and was involved in many one-to-one discussions during this event. A further source of information is the up-to-date research reports on our company published at regular intervals by DZ Bank, SES Research and UniCredit.

Basic data

Stock exchange centres	
Regulated market:	Frankfurt (Prime Standard)
Open market:	Berlin Düsseldorf Hamburg Munich Stuttgart
Securities identification number	
WKN	513010
ISIN	DE0005130108
Reuters	FJHG.DE
Bloomberg	FJH.GR

During the process of evaluating the system landscapes, our experts immediately started talking the same language and learned a lot from each other. The process was helped by the satisfactory feeling of striving for a common goal.

The ‘Life product strategy’ merger sub-project set the course for merging the products in the COR.FJA Insurance Suite.

Condensed Management Report and Group Management Report

The following management report is the condensed management report and Group management report of COR&FJA AG Leinfelden-Echterdingen (previously FJA AG, Munich, Germany). It tracks the Group's business and that of COR&FJA AG, including the operating results for the financial year 2009 from 1 January to 31 December 2009, as well as the situation of the Group and the plc as of the reporting date, 31 December 2009.

COR&FJA has been developing IT systems solutions and advising customers successfully on the implementation of their IT strategies since 1980. Thanks to its continuous growth, the expansion of its product range and, in 2009, the successful merger of FJA AG and COR AG Financial Technologies, COR&FJA has developed into a universal supplier for the European financial services sector and beyond. COR&FJA as a company has been listed on the German Stock Exchange since 2000 and is now in the Prime Standard index.

On 11 March 2009, the Supervisory Board and Management Board of FJA AG had announced that on this date, the management boards of COR AG and FJA AG, with the approval of their respective supervisory boards, had signed a letter of intent regarding an amalgamation of the two companies. In it, COR AG and FJA AG agreed to strive for a merger of equals between the two companies.

On 8 June 2009, COR and FJA came to an understanding on the merger agreement and the share exchange ratio. With regard to the latter, the shareholders of COR AG Financial Technologies will receive 25 FJA shares in exchange for 14 COR shares. The 'merger report' was also signed on this day.

The resolutions that were required for the merger were then submitted for approval and adopted with comfortable majorities at the annual general meetings of COR and FJA on 27 and 28 July 2009 respectively.

After an action for the annulment of the merger resolution arising from FJA's annual general meeting had been brought to an end by means of a settlement in court in September 2009, the merger of the two companies was completed successfully with the merger of COR into FJA AG in FJA's commercial register entry on 19 October 2009. This entry meant that COR was deleted and devolved upon FJA with all its rights and duties. At the same time, FJA AG's renaming as COR&FJA AG came into effect. On 26 November 2009, the relocation of the COR&FJA AG company headquarters from Munich to Leinfelden-Echterdingen was entered in the commercial register and thereby became effective.

This merger into COR&FJA AG represents an amalgamation of two leading systems suppliers in the field of software and consulting solutions for insurance companies and providers of company pension schemes. In addition, the former COR AG Financial Technologies had an extensive spectrum of software and consulting services for banks which had been built up strategically over the preceding years. Depending on customer requirements, the standard software solutions and services can also be made available in asp (application service providing) operations.

The merger's objective is sustainable value-added for the new company and its shareholders, customers and employees alike. The merger will result in even better exploitation of market opportunities which are arising in the financial services sector as a result of increasing pressure to reduce prices and standardise and of ever-increasing demands on IT. The new company wants to use the size and market position it has now attained to win increasing numbers of large-scale customers.

The merger will also have cost-reducing effects, for example as a result of joint product development and improved terms for the purchasing of services and for certain essential operational expenses (e.g. insurance premiums, purchasing of property, plant and equipment). The consolidation of the central functions (human resources, finance, IT, marketing, sales) are making it possible to realise further cost synergies. Its merger into a listed company, moreover, has rendered the costs of the stock market listing for COR AG redundant: the two companies' complementary location structures (COR Group: Germany, Switzerland, Slovakia, the Netherlands; FJA Group: Germany, Austria, Switzerland, USA, Slovenia) provide an outstanding basis for the internationalisation process they are striving for.

The headquarters of COR&FJA AG are located in Leinfelden-Echterdingen near Stuttgart, Germany. Other German branches are located in Munich, Stuttgart, Düsseldorf, Frankfurt, Hamburg, Kiel and Cologne. COR&FJA is also represented in Vienna (Austria), Frenkendorf/Basle, Zurich and Baar (Switzerland), 's-Hertogenbosch (Netherlands), Bratislava and Košice (Slovakia), Maribor (Slovenia), and New York and Denver (USA). This distribution of branches keeps COR&FJA close to its customers and ensures that it can give them optimum support.

In accounting terms, the 2009 financial year is a transitional year: because of COR&FJA AG's first-time consolidation ('acquisition of COR by FJA') of the former COR AG Financial Technologies, only November and December of COR's accounting months in 2009 are included in the COR&FJA consolidated financial statements.

MARKET AND COMPETITION ENVIRONMENT

In 2009, the global economy had to endure its most severe downturn in the entire post-war period: at the same time, the fall of around 2.3% in global economic output was the worst recession since the Second World War. The recession was particularly fierce in the industrial nations, where output was some 3.5% down, and nowhere more so than in the export nations Japan and Germany. The emerging countries posted a slight increase in output of around 1.5%, while China and India even managed to grow by approximately 8.4% and 5.7% respectively. The other regions, however, hardly expanded at all or, as in Eastern Europe, also suffered recessions.

The crisis reached its climax in the first quarter of 2009, when incoming orders, industrial production, capacity utilisation and exports, particularly in the industrial countries, slumped in almost all economic sectors. The fact that the global economy bottomed out and then staged a slight recovery can be put down almost entirely to the huge supporting measures carried out by governments and central banks and was helped by a relatively favourable oil price, low inflation rates and a stable trend in China and India.

In 2009, Germany's economy deteriorated more sharply than in any other year since the Second World War, and as a consequence, its gross domestic product fell by around 5.0%. As in most other countries, the situation stabilised from the mid-year period onwards – albeit at a low level. This resulted in particular from stable private consumption, which benefited from the governmental economic stimulus packages, low inflation and the collective wage and salary agreements in 2009.

The German life assurance market was again marked by a substantial degree of dynamism in 2009: the decreasing importance of state old-age pensions within the framework of statutory pension insurance is bringing about a situation where private and occupational pension schemes are being seen as more and more important in the safeguarding of incomes in old age. In connection with this, insurance companies are facing the necessity of having ever-shorter innovation cycles for the new products being demanded by the market.

This trend is accompanied by legislative consequences of the financial markets crisis and the continuing relevance of requirements laid down by MaRisk and Solvency II. Thanks not least to these developments, the insurance market will continue to produce mergers, consolidations and business process optimisations. This is the context in which industrialisation, with flexible IT support, will take on essential strategic significance for the companies involved and lead to increasing demand for external consulting and IT support, as well as continuous adjustment to COR&FJA's standard software.

The banking landscape in Germany is going through a period of structural upheaval. The competitive pressure exerted by direct banks is intensifying, foreign banks are increasingly breaking into the German market, and stricter regulation – also as a result of the current financial and economic crisis – is presenting the banks with increasingly daunting challenges. For the financial institutions, this means increasing pressure to consolidate and the necessity of optimising costs. For COR&FJA, too, the consequences of the crisis on the financial markets left their mark in the 2009 financial year. A number of decision-making processes were delayed, for example, and budgets that had already been adopted for the development of new software solutions were postponed or cancelled, with the consequence that important projects previously thought to be safe were not implemented in the financial year ended.

In Germany, the COR&FJA Group is the market leader with the services and products it offers on the market for life assurance and company pension schemes. More than half of all German life insurers are customers of the COR&FJA Group. The Group's research and development activities are aimed at continuously reinforcing its leading position. With the regulatory requirements changing permanently and the variety of products offered developing dynamically, the insurance companies are increasingly pursuing a strategy of replacing their previous self-generated software solutions with standard software.

In the banking segment, more than 30 German customers are currently putting their faith in products from the COR.FJA Banking Suite, making COR&FJA the market leader in the mortgage lending institutions segments. In the area of full banking systems for private banks, COR&FJA sees itself in second place on the German market. Despite the persistent banking crisis in 2009, an important new customer was won in MCE Bank GmbH, a subsidiary of the Mitsubishi Corporation.

In 2009, 74.8% of the Group's sales were generated in Germany and 25.2% on foreign markets. The COR&FJA Group's declared objective is to further increase the proportion of its sales generated on its foreign markets in the medium term by opening up new markets via strategic partnerships, thereby reducing its dependency on fluctuations in the economic situation on the German market. The Austrian and Swiss markets have requirements that are very similar to those of the German market and are being cultivated with a local presence.

One particularly interesting market in Europe is the mortgage market in the Benelux countries, because COR&FJA hardly has any competition there and can offer real value-added with the solution it deploys and its associated degree of automation. That is why the COR&FJA product portfolio is arousing a great deal of interest on this market.

The Eastern European markets are developing dynamically. Many life assurance companies have established themselves in Central Eastern Europe. They are facing pressure to automate caused by the constantly increasing number of contract portfolios on the one hand, and the increasing regulatory pressure in Western Europe caused by increasing closeness to that part of the continent on the other. As German insurers, in particular, are expanding on these increasingly attractive markets, there are many and varied points of contact for the COR&FJA product range.

In the CIS countries, the development of the insurance market is still difficult to predict. The COR&FJA Group is represented on the market in many Eastern European countries with its existing products COR.FJA Life and COR.FJA SymAss. The current development of the software range in the direction of the international cross-sector solution COR.FJA Insurance Suite should further improve the Group's position on these markets.

On the US market, COR&FJA is represented highly successfully by its subsidiary FJA-US, Inc., with the FJA Product Machine. Thanks to COR&FJA's extensive product portfolio in the health insurance segment, the company sees significant potential for development, especially in the healthcare reform passed by the government just a few weeks ago.

THE GROUP'S ORGANISATIONAL STRUCTURE

As a sector-based service provider for insurance companies, banks and operators of company pension schemes, the COR&FJA Group offers a full range of state-of-the-art prospective solutions in the form of consulting, services, software solutions and application service providing. The service spectrum in the insurance segment addresses the field of policy management in particular, including actuarial mathematics, migration and across-the-board processes. In the banking segment, core banking systems which include numerous peripheral systems for bank-specific processes such as cover, lending, foreign transactions, risk control, payment transactions and reporting are offered. Consulting and services on the one hand and the product spectrum on the other complement each other to make up the sector-based service provider's integrated range of solutions. The products are standard software products, which are fit for release and have been launched widely on the market.

As from 2010, independently of its corporate structure, COR&FJA AG is being divided up into business units, each of which is responsible for one market segment (life assurance, banks, non-life insurance, IT service [application service providing] as well as the markets of eastern Europe, Benelux and the USA). This responsibility encompasses both the further development of the respective solution portfolio and the handling of customer projects, and is assumed at divisional level. The heads of these divisions comprise the next senior management level below the COR&FJA AG Board of Management. The sales function works in autonomous regional units which are controlled by a central sales management division.

From 2010, the Group will be structured in the form of Group-wide profit centres aligned to products and target markets, each of which, headed by a divisional manager, will report to a member of the Board of Management.

Management and monitoring

As of 31 December 2009, the Board of Management consisted of Ulrich Wörner (Chairman of the Board), Klaus Hackbarth (Deputy Chairman), Milenko Radic, Volker Weimer and Rolf Zielke. In addition, Michael Junker and Thomas Junold were members of the Board of Management until their departure on 3 August 2009.

As of 31 December 2009, the Supervisory Board consisted of six members elected by the shareholders: Prof. Dr Elmar Helten (Chairman), Klaus Kuhnle (Deputy Chairman), Prof. Dr Christian Hipp, Thomas Nievergelt, Dr Jens Seehusen and Dr Klaus J. Weschenfelder. Thies Eggers, Manfred Herrmann and Dr Jochen Schwarz departed from the Supervisory Board upon conclusion of the General Meeting of Shareholders.

MANAGEMENT CONTROL, GOALS AND STRATEGY

Internal control system

Control ratios applied

The COR&FJA Group's strategic goals are to ensure sustainable profitable growth and expand its position not only in the German-speaking countries, but also on those foreign markets which are already being served or strategically addressed. To safeguard this strategy against business risks, fundamental ratios regarding the orders, earnings and liquidity position are applied.

To measure and analyse the general economic trend, the COR&FJA Group uses a uniform Group-wide control system based on a number of fundamental ratios. Prominent among these are the trends in the orders portfolio, the sales pipeline, turnover and the EBIT yield as a percentage of overall performance. Cash and cash equivalents, the level of indebtedness and cash flow are taken into consideration as indicators of the company's financial stability. The ratios of turnover per employee and employee capacity utilisation are tracked as specific indicators of productivity.

Budgeted and/or target values of the control ratios

Subsequent to the annual budget approved by the Supervisory Board, monthly rolling forecasts for the ratios turnover, earnings and the liquidity trend are prepared which, taking account of current developments, provide indications of deviations from the budget even in the future.

IMPORTANT PRODUCTS AND SERVICES

The core products in the insurance business segment are the two policy management systems COR.FJA Life Factory and COR.FJA Life, with which life assurance and pension products can be developed and administered. A new product on the market is COR.FJA P&C as a policy management system for non-life insurers. Within the framework of the strategic investment in innovas, moreover, innovas HI is being offered as a policy management system for health insurers. COR.FJA SymAss, the across-the-board system for smaller insurance companies, completes the spectrum of policy management systems.

The products COR.FJA Zulagenverwaltung (allowance administration), COR.FJA RAN (pension calculation and evidence system), FJA Product Machine, COR.FJA Alamos (risk management and product development), COR.FJA Merica (risk examination module), COR.FJA Commission (solution for calculating commissions) and COR.FJA Office (transaction control and document processing) cover the essential specific and across-the-board tasks in the core business spectrum. They are supplemented by a broad range of consultancy and service provision from software implementation to portfolio migration and ultimately actuarial advice.

All of the individual components are currently being bundled in the COR.FJA Insurance Suite so that the international insurance market can be offered the cross-sector integrated solution, also as a cost-effective ASP solution. The great flexibility of the COR.FJA Insurance Suite is advantageous for insurance companies because its scope can be adapted precisely to requirements, encompassing the use of individual services, the individual components and ultimately comprehensive solutions for all segments and divisions. If the portfolios grow, the COR.FJA Insurance Suite grows along with them. It can already be applied cost-effectively for small portfolios, as well as being a highly efficient performer for large volumes. This means that the COR.FJA Insurance Suite is ideally suited for newly established firms, small and medium-sized enterprises and large internationally active groups. The fact that the individual solutions already have a large number of users ensure that customers, in the long term as well, will have a commercially attractive and secured expansion of the systems, also with regard to the intended legal amendments and supplements.

In the banking segment, the products are brought together on the central platform COR.FJA Banking Suite. With this platform, COR&FJA is offering customers, regardless of their size, an extensive, efficient range of instruments for optimising their business processes and thereby improving their position on the German market. As well as the ongoing adaptations to regulatory requirements and market conditions, significant application components were and are implemented for the first time in the areas of bank control (registration preprocessing), taxes (reporting), credit (property and collateral) and payment transactions (SEPA). In this way, the increasing demands of customers in respect of functionality and process automation are being taken into account. In addition, the platform-independent COR.FJA Banking Suite was technologically enhanced with the objective of minimising the respective implementation and operational expenses by means of improved capacity for integration into customers' IT environments.

In MBS Open (for private and universal banks, direct banks, automotive finance companies and special institutions) and the mortgage lending institution system COR-PARIS, two core banking systems are available in the banking segment. They are used to depict and handle the typical core processes of a bank and are supplemented by individual consulting services particularly on issues from the fields of core banking and overall bank management.

All of the banks' most significant core processes are covered by appropriate software components such as COR-Pfandbrief, MBS Credit (calculation of part-payments and loans), MBS Ausland (handling of foreign transactions), MBS Zahlungsverkehr, COR-RiskMan (risk control), COR-Tax (calculation of capital gains tax), COR-Finca (financial calculation module), COR-Basel II Suite (software for ascertaining the minimum capital requirements) and the COR Risk and Regulatory Reporting Suite (calculation of secondary risks, regulatory reporting).

The range of services is supplemented with comprehensive consulting and ASP services. In the field of bank consulting, COR&FJA provides support in the form of product-independent, individual consulting services such as process and business consulting, as well as the integration management of standard software systems and IT management consulting.

RESEARCH AND DEVELOPMENT

Orientation of the R&D activities

For the COR&FJA Group as a sector-specific service provider, research and development are essential activities for asserting its forerunner role in the market-driven analysis of trends and future requirements. On the one hand, its R&D activities are carried out with the objective of developing and expanding its expertise on advisory topics. This expertise on advisory topics manifests itself not only in the employees' and concepts' targeted know-how, but also in the further development of software tools which give efficient support to the consulting activities. Significant business segments with an advisory focus include, for example, migration and risk management. Needless to say, all R&D activities are subject to the imperative of sustainable efficiency.

The COR&FJA Group does not conduct open-ended research, but rather purely targeted research in the interests of its strategic corporate goals. Particular significance in the planning of research findings' implementation in development results is accorded to close communication with the market, or more specifically the customers, as their assessment of the products' relevance to business success is crucial. That is why, in recent years, the COR&FJA Group has continuously and actively advanced the significance of its' main products' user groups. The trial solutions elaborated within the framework of research are presented, discussed and evaluated at an early stage in the user groups. The evaluation is conducted especially with regard to users' interest in acquiring the product enhancements which are going to be implemented. In this way, new releases of standard software products are now generally part-financed by a section of the customers through advance orders. The COR&FJA Group regards this customer willingness as a high commercial countervalue for the expenses it has to incur for the prior research and the support it gives to the user groups.

As there is no user group that can be accessed for the placement of new products or the opening up of new markets, early customer models, which reward early decisions by customers to opt for a new product with commercial benefits, are applied. By ensuring the early and commercially binding inclusion of customers into the enhancement or initial development of products, the COR&FJA Group makes sure that development investment is not made without market orientation.

In addition to the traditionally very high level of acceptance for the quality of the COR&FJA Group's specialist product range for its target sector, the new release generations have succeeded in winning recognition for its high technological quality. The direct benefit from the sector's point of view lies in the option to use COR&FJA's standard software products for a broad spectrum of proven and innovative target technologies. The strategic benefit for the COR&FJA Group, moreover, lies in the possibility of flexible integration for the individual products that were previously strictly separated.

Purchasing R&D know-how

As the market leader in its core business, the COR&FJA Group is usually unable to have recourse to ready-made external research findings. This applies in particular to the specialist thematic areas in the customers' sectors. As a sector-specific service provider it prefers to rely on its own research, which builds upon its attendance at industry conferences, federation activities and joint projects with partner companies. Future trends, too, can be identified more reliably from the systematic reviewing of customer requirements from projects and canvassing situations than from external surveys. It goes without saying that the high qualification level of the Group's employees is updated continuously by means of selective, also external, ongoing training activities. In the 2009 financial year, in accordance with this strategy, no practical R&D expertise – narrowly defined – was purchased. In the technology area, however, it goes without saying that the COR&FJA Group uses the rapidly developing standards and free technologies right up to freely available open source products.

The following information about research and development deals with the products and the associated product know-how of COR&FJA AG and the former COR AG Financial Technologies.

R&D expenses, R&D investment and key R&D figures

In the period under review, the overriding objective for COR&FJA's insurance products was to harmonise the product environment and press ahead with systematic product management, also by means of strict integration into the respective customer projects.

In May 2009, the release 4.7 for COR.FJA Life Factory was delivered to the company's customers. Its focal points were the enhancement of functionalities in the dynamic hybrid product class and the variable annuities, flexibilisation in the field of invoicing principles, the further expansion of functionalities in the tax area in relation to novalities with previous as well as new tax legislation, and the expansion of the Riester (pension) functionality on the basis of legislative developments (e.g. 'Wohn-Riester') and the automation of Riester transactions (e.g. change of supplier).

The release 4.8a of COR.FJA Life Factory was delivered to customers in December 2009. In addition to a number of functional enhancements, this release's focal point was the implementation of the 'dynamic hybrid products', a class of modern life assurance products close to the capital markets. Extensive financial calculation functions were provided for the administration of the variable annuities, another innovative product group.

Also in the period under review, the concepts for the next full release 4.8 for COR.FJA Life Factory were completed and coordinated with the customers; the full release 4.8 can probably be delivered in the second quarter of 2010. In addition to functional enhancements of the hybrid products, this release's focal point was the implementation of various accounting principles in a contract with which, for example, calculations can be made with different interest rates and this can then be taken into account as appropriate from a fiscal perspective in the event of alterations to the contract (partial novation). This trend in the depiction of new products will also have a crucial effect on the follow-up releases of COR.FJA Life Factory, as life insurers are increasingly countering the competition from other financial services providers by modernising their guarantee concepts. A number of COR&FJA's current initial business contacts in the German-speaking countries and beyond, for example, are characterised by growing interest on the part of the life insurers in products with innovative guarantee concepts.

In the 2009 financial year, during the further development of the policy management system COR.FJA Life, there was a substantial service expansion based on web services, i.e. the appropriate services were provided for particular specialist functionalities. These included, for example, the integration capacity of COR. FJA Life in relation to large portals and offer systems, the creation of standardised communication with the respective third-party systems, and optimisations with the possibility of individualisation on the customer's side. At the beginning of 2010, the current release 3.10 was made available to customers. In its further development, the focal points are currently variable annuities and the subject of withholding tax.

The releases 3.2 and 3.3 for COR.FJA Zulagenverwaltung that were delivered in 2009 provided the licensees with all the requirements and alterations (e.g. new allowance claim and implementations on the subject of 'Wohn-Riester') up to and including release 18 of the zusy software system of the German central allowance authority for pension assets (ZfA – Zulagenstelle für Altersvermögen). In addition, the process handling within the software components was optimised further. This led to noticeable performance and resource gains for some of the customers even in the short term.

The new non-life insurance solution COR. FJA P&C was expanded to become a non-life insurance system in 2009 on the basis of the policy management system developed with CSS. With further investment of almost 2,000 person days in 2010, the intention is to expand the solution so that it becomes the leading non-life insurance system in Germany, Austria and Switzerland.

In the banking product segment, the integration of the two core banking systems COR-PARIS in the mortgage lending institutions segment and MBS Open for private banks was followed in 2009 by the commencement of both systems' integration into the COR.FJA Banking Suite. In the process, the peripheral systems were selected using the 'best of breed' approach to that, the platform-independent COR.FJA Banking Suite was technologically enhanced with the aim of minimising the respective implementation and operational expenses of customers by improving its capacity for integration into their IT environments.

As well as the ongoing adaptations to regulatory requirements and market conditions, significant application elements were newly implemented in the fields of bank control (registration preprocessing), taxes (reporting), credit (property and collateral) and payment transactions (SEPA). In this way, the increasing demands of customers in respect of functionality and process automation are being taken into account. Also being provided is the new ergonomic user interface TopDesk with additional functionalities such as navigation, drag and drop, mailbox and the uniform look and feel of the web and rich client into which third-party applications, too, can be integrated. In doing this, COR&FJA is aiming for better ergonomics and therefore efficiency at the banking workplace. For all of these development steps in the banking segment, substantial investments involving almost 3,500 person days are scheduled in 2010.

The COR&FJA Group's R&D expenses totalled EUR 10,787,000 (previous year: EUR 6,900,000) in the 2009 financial. EUR 422,000 of the development expenses were capitalised as part of the redevelopment of the COR.FJA Insurance Suite.

EMPLOYEES

As of 31 December 2009, 1,030 members of staff were employed in the COR&FJA Group. This is more than double the figure at the beginning of the year (31 December 2008: 503).

53.8% of this growth (554 employees) can be attributed largely to the merger of the former COR AG into COR&FJA AG on 19 October 2009. In addition, the company has grown organically by recruiting new employees. By increasing its staff numbers selectively, COR&FJA has succeeded in maintaining its own quality standards and securing the satisfaction of its long-standing customers with an eye to the future.

In the 2009 financial year, the employees' performance potential was again advanced with an extensive catalogue of measures to prepare them for the tasks ahead. Made-to-measure ongoing training programmes and internal job rotation both helped to expand and strengthen their qualifications and sense of responsibility.

As in the previous financial years, our employees were able to share in the company's success by benefiting from variable pay components in the 2009 financial year.

LEGAL AND ECONOMIC FACTORS

Disclosures pursuant to Section 289 Para. 4, Section 315 Para. 4 German Commercial Code (HGB) and explanatory report

Composition of the subscribed capital

On 31 December 2009, COR&FJA AG's subscribed capital amounted to EUR 42,802,453, consisting of 42,802,453 no-par-value bearer shares with full and equal voting rights. One share grants the holder a notional stake of EUR 1.00 in the company's capital. As of 31 December 2009, the company's portfolio of treasury shares amounted to 1,906,592 individual shares.

Restrictions affecting voting rights or the transfer of shares

The shares have full voting and dividend rights, insofar as the German Stock Corporation Act (AktG) provides for nothing to the contrary.

Direct or indirect interests in the capital

According to the published announcements and the information available to COR&FJA AG, the direct or indirect interests exceeding 10% of the voting rights as of 31 December 2009 were as follows:

Entity with reporting obligation	Type of participating interest	Proportion of the subscribed capital's disclosed voting rights
msg systems AG, Munich	Direct	45.5%

Holders of shares with special rights

No shares with special rights which bestow authority to control were issued.

Type of voting rights control in the case of employee shareholdings

Those employees who hold shares in COR&FJA AG exercise their control rights, like other shareholders, in direct compliance with the statutory provisions and the articles of incorporation.

Statutory provisions and stipulations of the articles of incorporation concerning the appointment and dismissal of members of the Board of Management and concerning alterations to the articles of incorporation

The appointment and dismissal of members of the Board of Management are regulated in Sections 84 and 85 of the German Stock Corporation Act (AktG). The Board of Management consists of one or more persons. The Supervisory Board determines the number of the Board of Management's members. The members of the Board of Management are appointed by the Supervisory Board for a maximum of five years. A repeat appointment or a prolongation of the term, each for a maximum of five years, is permissible.

Amendments to the articles of incorporation require a resolution of the Annual Shareholders' Meeting. The resolution of the Annual Shareholders' Meeting, in turn, requires a majority of at least three-quarters of the nominal capital represented when the resolution is adopted. The articles of incorporation contain no divergent provisions which require a larger majority.

The Board of Management's authority to issue or repurchase shares

The Board of Management is authorised – with the approval of the Supervisory Board – to issue new shares provided that the appropriate approved capital (for the issuance of new shares) or conditional capital (for the issuance of convertible and warrant bonds) has been adopted by the Annual Shareholders' Meeting and has not yet been utilised in full.

The company has the following approved capital:
Approved Capital 2006/I

The Board of Management was empowered by the resolution of the Annual Shareholders' Meeting of 23 June 2006, in accordance with Sections 202 ff. AktG, with the approval of the Supervisory Board, to increase the company's nominal capital on one or more occasions up until 22 June 2011 by a maximum nominal amount of EUR 10,398,708 by issuing new no-par-value bearer shares against contributions in cash and/or kind, with the possibility of excluding shareholders' subscription rights, in order to issue the new shares for the purpose of acquiring companies, parts of companies, investments in companies or claims against the company (Approved Capital 2006/I). Furthermore, the Board of Management is empowered by the resolution of the Annual Shareholders' Meeting of 23 June 2006, with the approval of the Supervisory Board, to exclude the shareholders' subscription rights in order to increase the company's nominal capital on one or more occasions by up to a maximum of EUR 2,079,741 by issuing new no-par-value shares against contributions in cash for an issue price which is not significantly lower than the entire company's listed share price as of the time when the issue price was determined by the Board of Management. Insofar as the Board of Management does not make use of the aforementioned empowerments to exclude the subscription rights, the shareholders' subscription rights can be excluded only for fractional amounts. The Board of Management was empowered, with the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation.

The company has the following conditional capital:
Conditional Capital 2006/I

The nominal capital was increased conditionally by the resolution of the Annual Shareholders' Meeting of 23 June 2006 by up to EUR 10,119,061 (Conditional Capital 2006/I). The conditional capital increase shall be carried out only insofar as the owners, or creditors, of convertible and/

or warrant bonds, for whose issuance the Board of Management was empowered up until 22 June 2011 by the Annual Shareholders' Meeting in its resolution of 23 June 2006, make use of their conversion or option rights to shares and/or fulfil their conversion obligations from such convertible and/or warrant bonds.

Conditional Capital 2004/I

The company's nominal capital was increased conditionally by the resolution of the Annual Shareholders' Meeting of 24 June 2004 by EUR 3,930,000 (Conditional Capital 2004/I). The conditional capital shall serve to grant shares to the creditors of convertible and/or warrant bonds. On the basis of this empowerment, the Board of Management resolved on 2 June 2005, with the approval of the Supervisory Board from 7/8 June 2005, using the empowerment it had been given, to issue convertible bonds bearing interest of 10.00% per annum with a term up to 30 June 2010 in the total nominal amount of EUR 7,860,000.00, divided into 7,860,000 partial convertible bonds each with a nominal value of EUR 1.00. The Board of Management, with the approval of the Supervisory Board, decided on the final conditions of the bonds on 14 June 2005. According to these, the partial convertible bonds can be exchanged for no-par-value bearer shares in COR&FJA AG in the ratio of two partial convertible bonds to one COR&FJA share (convertible bond 2005/2010) during their term and, beginning on 1 December 2005, in the last month of a calendar quarter with no additional payment. By 31 December 2005, EUR 6,676,832 in convertible bonds had been exchanged. By 21 March 2006, another 983,874 of the convertible bonds had been exchanged. The 199,294 convertible bonds which were still outstanding after that were repaid by the company prematurely as of 28 March 2006. The conditional capital 2004/I thereafter amounted to EUR 99,647.

Conditional Capital 2000/I

The company's nominal capital was increased conditionally by the resolution of the Annual Shareholders' Meeting of 17 January 2000, amended at the Annual Shareholders' Meeting of 5 July 2001, by up to EUR 180,000 in order to fulfil the stock option plan.

Repurchase of treasury shares

The empowerment granted to the company by the resolution of the Annual Shareholders' Meeting from 20 June 2008 in accordance with Section 71 § 1 (8) AktG, to acquire treasury shares up to 20 December 2009 was replaced by the following empowerment resolution adopted by the Annual Shareholders' Meeting on 28. July 2009. The company is empowered to acquire treasury shares up until 27 January 2011 on condition that the treasury shares acquired on the basis of this empowerment, together with other shares in the company which the company has already acquired and still holds, or receives within the framework of the merger with COR AG Financial Technologies, or which must be attributed to it in accordance with Sections 71d and 71e AktG, do not account for more than 10% of the company's nominal capital at any time. The empowerment can be exercised in whole or in part. The shares can be acquired until the maximum acquisition volume is attained during the empowerment period in partial tranches spread over different acquisition dates.

The shares are acquired in compliance with the equal treatment principle (Section 53a AktG) on the stock exchange or by means of a public purchase offer addressed to all the company's shareholders.

a) If they are acquired on the stock exchange, the consideration per share paid by the company (excluding ancillary purchasing costs) may not exceed or fall below the average closing price of the company's share in XETRA trading (or a successor system that replaces the XETRA system) during the last ten stock market trading days before the shares were purchased by more than 10%.

b) If they are acquired by means of a public purchase offer addressed to all the company's shareholders, the purchase price offered per share (excluding ancillary purchasing costs) may not exceed or fall below the average closing price of the company's share in XETRA trading (or a successor system that replaces the XETRA system) during the last ten stock market trading days before the offer is submitted by more than 10%.

In addition to selling them by making an offer to all shareholders or via the stock exchange, the Board of Management is empowered, with the approval of the Supervisory Board, to offer or grant shares in the company which are acquired on the basis of this empowerment or were acquired on the basis of previous empowerments, or which the company receives within the framework of the merger with COR AG Financial Technologies,

a) to third parties within the framework of mergers, company acquisitions, or the acquisition of participating interests in companies or parts of companies;

b) to sell them to third parties. The price at which shares in the company are sold to third parties may not fall significantly below their stock market price at the time of sale. If use is made of this empowerment, the exclusion of subscription rights must be taken into account on grounds of other empowerments in accordance with Section 186 Para. 3 (4) AktG;

c) to use them to service subscription rights to shares to which the holders of such subscription rights in shares of COR AG Financial Technologies, Leinfelden-Echterdingen, are entitled because of the 2007 stock option programme and to whom, as a consequence of the merger of COR AG Financial Technologies into FJA AG in accordance with the draft merger agreement of 8 June 2009, subscription rights for shares in FJA AG are granted in accordance with Section 23 of the German Reorganisation of Companies Act (UmwG);

d) withdraw them from circulation without their withdrawal or its implementation requiring a further resolution of the Annual Shareholders' Meeting.

The shareholders' subscription rights shall be excluded insofar as the Board of Management uses company shares in accordance with the above empowerments under a), b) and c). In the event of treasury shares being sold within the framework of a sale to the company's shareholders offer in accordance with Item 4, the Board of Management can, with the approval of the Supervisory Board, exclude the shareholders' subscription rights for fractional amounts. The Board of Management shall inform the Annual Shareholders' Meeting about the reasons for and the purpose of the purchase of treasury shares, the number of shares acquired and the amount of the nominal capital that they account for, as well as the consideration that was paid for the shares.

Significant agreements concluded by the parent company which are subject to the condition of a change of control resulting from a takeover bid

The company's articles of incorporation do not contain any provisions which might cause a delay or a postponement in, or even the prevention of a change in the control of the company. There are no agreements between COR&FJA AG and third parties which are subject to the condition of a change of control resulting from a takeover bid, and which have the following effects either individually or in their entirety.

Compensation agreements concluded with the members of the Board of Management or with employees in case of a takeover bid

As of 31 December 2009, there were no agreements with the serving members of the Board of Management or with employees on the subject of compensation or other payments by the company in the event of a takeover bid.

Other disclosures

Shareholders' rights and duties

Shareholders have property and administrative rights. The property rights include, in particular, the right to participate in profits (Section 58 Para. 4 AktG) and in liquidation proceeds (Section 271 AktG), as well as the right to subscribe for shares in the event of capital increases (Section 186 AktG).

The administrative rights include the right to attend the Annual Shareholders' Meeting and speak, ask questions, put forward motions and exercise the voting rights there. Shareholders can assert these rights by initiating, in particular, actions for information and rescission.

Each share guarantees one vote at the Annual Shareholders' Meeting. The Annual Shareholders' Meeting elects the members of the Supervisory Board and the auditor of the financial statements; it decides in particular on the discharge of the members of the Board of Management and the Supervisory Board, alterations to the articles of incorporation, capital-raising measures, empowerment to acquire treasury shares and, if required, the conducting of a special audit, the premature dismissal of members of the Supervisory Board and a dissolution of the company.

The Annual Shareholders' Meeting generally passes its resolutions with a simple majority of the votes cast, provided that a qualified majority is not required by law.

Composition of the Supervisory Board

The Supervisory Board consists of six members who are elected by the shareholders in accordance with the German Stock Corporation Act (AktG). The members of the Supervisory Board additionally have the right to request that expert third parties or respondents attend the Supervisory Board's meetings. The members of the Supervisory Board are elected for the period which ends upon conclusion of the Annual Shareholders' Meeting that decides on their discharge for the third financial year since their service on the Board began. The financial year in which the term of office began is not included in the calculation. Resolutions of the Supervisory Board require a majority of the votes cast. If the vote is tied – also in elections – the Chairman, or in his absence the Deputy Chairman, shall have the casting vote.

Basic features of the remuneration system

The remuneration for the members of the Board of Management consists of a fixed component and a variable, performance-related component. Both components are paid in cash.

The amount of the fixed remuneration depends on, firstly, the function and responsibility assigned to the member in question, and secondly on the prevailing market conditions. Any non-cash or fringe benefits which are additionally granted essentially comprise insurance and pension benefits customary on the market and the provision of a company car.

In accordance with the goal of lasting value appreciation for the company, the remuneration model for the Board of Management is characterised by a strong performance orientation. The variable bonus is between 0 and 106% of the fixed basic salary.

The currently valid remuneration rules for the Supervisory Board were adopted by the Annual Shareholders' Meeting on 28 July 2009. Each member of the Supervisory Board receives fixed remuneration of EUR 16,000 per financial year.

As well as their fixed remuneration, the members of the Supervisory Board receive annual variable remuneration amounting to 0.25% or the earnings before income taxes reported in the consolidated financial statements approved by the Supervisory Board and prepared in accordance with International Accounting Standards (IFRS). The variable remuneration lapses when the consolidated financial statements record no positive earnings before income taxes.

The Chairman receives double, and the Deputy Chairman one and a half times, the agreed fixed and variable remuneration.

The total remuneration (fixed and variable) for each member of the Supervisory Board is limited to EUR 32,000 per financial year (cap). For the Chairman of the Supervisory Board this sum rises to EUR 64,000, and for the Deputy Chairman to EUR 48,000.

A member of the Supervisory Board who departed during 2009 declined to accept any remuneration for his activities.

INFORMATION ON THE GERMAN DISCLOSURE OF BOARD COMPENSATION ACT (VORSTOG)

The earnings of the Board of Management members active in the financial year amounted to EUR 4,572,000 (2008: EUR 1,309,000) and were allocated to the individual members as follows:

	Fixed components	Performance-related components	Total
	000 Euro	000 Euro	000 Euro
Board of Directors			
Ulrich Wörner	365	144	509
Klaus Hackbarth[1]	203	136	339
Milenko Radic	233	116	349
Volker Weimer	205	66	271
Rolf Zielke[1]	173	136	309
Michael Junker[2]	1,262	108	1,370
Thomas Junold[2]	1,317	108	1,425
Total	**3,758**	**814**	**4,572**

[1] Board of Management member since 1 May 2009
[2] Board of Management member until 3 August 2009

The performance-based components include compensations for Mr Junker (EUR 990,000) and Mr Junold (EUR 1,032,000).

The pension, disability and surviving dependents' benefits which were promised to the former Board of Management members Michael Junker and Prof. Dr Manfred Feilmeier upon cessation of their activities have the following basic features:

Both gentlemen will receive a lifelong pension if they depart from the company after completing their 65th year or as a result of occupational disability as defined by Section 23 of the German Employees' Insurance Act (AnVG), or before reaching that age if their contracts are terminated or not prolonged by the company.

The pension shall amount to EUR 2556.46 per month after four years of service have been completed. It shall change – also after the insured event has occurred – proportionate to the basic salary of a Bavarian civil servant in the benefits group A 13 in the highest seniority level.

The respective spouses living with them in a valid marriage at the time of their passing shall thereafter receive a lifelong widow's pension amounting to 25% of the pension. The widow's pension shall cease in the event of a remarriage.

Instead of a pension, the two gentlemen are entitled to request a one-off capital payout with a cash value equivalent to the pension commitment when they reach the retirement age, provided that notification of this was given at least three years beforehand. As a result of this, all claims from this direct commitment shall lapse.

If they depart from the company before the insured event occurs, they shall retain their vested pension entitlements. The vested pension entitlement shall be that part which corresponds to the ratio of their respective length of service to the period from their joining the company to the scheduled retirement age, i.e. the completion of the 65th year.

EARNINGS, FINANCIAL AND ASSETS POSITION

Effective as from 19 October 2009, COR AG Financial Technologies, Leinfelden-Echterdingen, was merged into COR&FJA AG (formerly FJA AG). Within the framework of this acquisition subject to reporting requirements, the assets and liabilities identified at the time of the acquisition and the business results from the months of November and December 2009 at the acquired companies were included in the consolidated financial statements. The acquisition date was treated as 31 October 2009 for simplification purposes.

The Group's earnings position

Development of Sales

The COR&FJA Group's turnover increased by EUR 4.8 million to EUR 68.4 million in the financial year ended. The acquisition of the COR Group contributed EUR 12.4 million to the Group's aggregate turnover in the last two months of the year. Gratifyingly, the additional turnover of EUR 4.8 million was accounted for primarily by the product-based services: licensing turnover increased by EUR 2.8 million to EUR 9.0 million and its share of aggregate turnover rose from 9.8% to 13.1%. Maintenance turnover developed along similar lines, increasing by EUR 3.7 million to EUR 8.9 million and substantially improving its proportion of aggregate sales from 8.2% to 13.0%.

Despite the additional turnover from the acquisition of the COR Group, service revenues and other revenues both decreased by EUR 0.8 million. The service revenues' proportion of aggregate turnover thereby fell from 80% to 73.1%.

In regional terms, the Group's German activities increased their turnover by EUR 6.9 million to EUR 51.2 million and their share of aggregate turnover from 69.6% to 74.8%. The US showed a marked decline of EUR 2.5 million, thereby losing part of the sharp increase (+ EUR 3.6 million) it had generated in the previous year. With its EUR 9.9 million, the USA accounted for 14.5% (previous year: 19.5%) of aggregate sales. In 2009, the Netherlands are represented with a turnover of EUR 0.1 million for the first time. At the national subsidiaries in Switzerland, Slovenia and Austria, turnover remained almost constant. The branch in Slovakia, which is relatively highly staffed with over 80 employees, does not serve a market of its own; instead, it functions solely as an extended workbench primarily for Germany and reports no external Group turnover – despite providing extensive supporting services in customer projects. The Slovenian company, too, renders intercompany supporting services in product development as well as customer projects – a model which is scheduled for expansion in the years to come.

Development of earnings

Operating earnings before taxes and amortisation effects from the first-time consolidation of COR (EBTA) amounted to EUR 2.1 million in the financial year ended, giving an operating margin of 3.1%. The severance payments totalling EUR 2.0 million paid out to the departed Board of Management members Junker and Junold must be taken into account in this context. Adjusted for this non-recurring effect resulting from the merger, operating earnings (EBTA) therefore fell by EUR 2.7 million compared with the previous year.

The scope of capitalised development activity in 2009 remained constant at the previous year's figure of EUR 0.4 million. The other operating income item contains the realisation of a compensation claim amounting to EUR 2.5 million which resulted from the cancellation of a long-term customer order in the Netherlands.

Services purchased externally increased by EUR 1.8 million to EUR 3.8 million. This resulted from the merger to incorporate the former COR Group, which generally covers part of its performance spectrum (such as computing centre services) by using external service providers. Personnel expenses, too, increased sharply. If the severance payment costs of EUR 2 million caused by the merger are taken into account, they increased by 15.5%, far outstripping the increase of 7.5% in turnover. Measured by the average of 627 employees (previous year: 479) during the year, average personnel expenses fell by 11.8%. This resulted from the appreciably lower level of variable salary components, which had to be reduced as a result of the business results in 2009.

The increase in other operating expenses by 8.1% to EUR 15.1 million is in line with the increase in turnover (7.5%). The main cost items in this area are rents/leases with EUR 5.5 million (up by 6.3%), travel expenses with EUR 2.4 million (down by 3.5%), consulting costs with EUR 1.8 million (down by 7.5%) and bad debt losses amounting to EUR 1.0 million, which must essentially be seen in connection with the compensation claim shown under other operating income.

The amortisations include EUR 0.6 million from the first-time consolidation of the former COR Group which resulted from the amortisation of the intangible assets (software, orders backlog, customer relationships) identified within the scope of the purchase price allocation for two months.

Due to the sharp fall in interest on credit balances, net interest income of only EUR 0.2 million (previous year: EUR 0.7 million) could be generated despite a good liquidity position. The interest expenses of EUR 0.5 million were EUR 0.2 million lower than in the previous year. At EUR 0.2 million, the dividend distribution at innovas GmbH, in which COR&FJA AG has a shareholding of 10%, appeared for the first time in the financial result.

The deterioration in pre-tax operating income has led to a reduction in tax expenses, which fell to EUR 0.6 million in the fiscal year ended compared with EUR 2.2 million in the previous year, resulting in turn in pre-tax earnings of EUR 0.9 million (previous year: EUR 4.5 million). Earnings per share amounted to EUR 0.04 in 2009 (diluted and basic) compared with EUR 0.21 in 2008.

The results in all the individual regions are lower than in the previous years.

In Germany, the region with the highest turnover, only a break-even result with EBIT at EUR 0.3 million could be achieved. The decrease of EUR 3.0 million in sales compared with the previous year can be attributed primarily to one-off effects resulting from the merger. The steep decline of EUR 0.8 million in EBIT in Switzerland, bringing it down to EUR -0.6 million, can be attributed mainly to high levels of intercompany services purchased at COR&FJA Schweiz AG (previously FJA Feilmeier & Junker AG). The US was unable to hold its turnover at EUR 12.4 million, the result of a sharp increase in 2008. The decrease of EUR 2.5 million in turnover to EUR 9.9 million led to a corresponding decrease of EUR 0.8 million in the operating earnings area. The Slovenian subsidiary, too, was unable to maintain its increase in earnings from 2008 in the 2009 financial year, and its EBIT figure of EUR 0.3 million was EUR 0.4 million lower than in the previous year. The company in Austria mainly provides intercompany services. It almost maintained its operating earnings at the previous year's level, with EBIT of EUR 0.3 million (previous year: EUR 0.4 million). As they were consolidated for the first time as of 31 October 2009, the companies in Slovakia and the Netherlands hardly contributed to consolidated earnings and achieved break-even results.

The Group's financial position

Principles and goals of financial management

The COR&FJA Group's financial management is designed to enable the Group to have the necessary funds at its disposal at all times so that it is capable of taking action in its operating activities to deal with volatility of incoming orders, fluctuations in customers' payment behaviour, and investment needs. In the process, all the significant risks to which the COR&FJA Group is potentially exposed must be recognised at an early stage and the necessary scope for suitable protective measures provided for. Within the framework of liquidity management, care is taken that sufficient liquid funds and appropriate liquidity reserves are freely available at all times.

Financing analysis

In its operating activities, the Group has a manageable exposure to foreign currency risks. These result mainly from its operations in the USA (2009: 14.5% of aggregate turnover), although in this area a small volume of services, mainly from the German Group companies, for order fulfilment is also included. However, the services, mainly in the USD region, are rendered primarily by local employees. Over and above that, some 8.5% of turnover was generated in Switzerland and settled in Swiss francs, although staff from Germany were also employed in the rendering of services there.

Aside from that, some 77.1% of turnover is generated in the euro zone, primarily in Germany, and settled in euros. For that reason, the overall foreign currency risk in the Group must be classified as manageable. In order to hedge these exchange rate risks as well, forward sales are carried out in the foreign currencies during the course of the year when exchange rates are favourable.

The Group's earnings and/or operational cash flows are largely not exposed to any interest rate risk. Cash and cash equivalents are generally invested for short periods. The financial liabilities are short to medium term in nature.

With regard to the credit risk (default risk), there are no significant concentrations on individual customers in the Group. Receivables are not insured, primarily due to the high credit standing of the customers in the insurance and banking sector.

In 2008, the Group carried out a hedging transaction by means of options (plain vanilla options) which have terms up to 2011 in order to secure a USD loan granted to the US subsidiary.

Liquid funds increased by EUR 4.0 million in the financial year ended, totalling EUR 22.3 million as of 31 December 2009. In the course of the merger with COR AG Financial Technologies, liquid funds of EUR 6.0 million were acquired as of the merger date. The free cash flow (EBT before amortisation and the capitalisation of self-developed software, less investments and the change in provisions) amounted to EUR 2.7 million, EUR 2.0 million below the comparable figure from the previous year. The change in receivables and liabilities has not led to any change in liquidity. Significant outflows of funds resulted from the payment of dividends amounting to EUR 2.1 million for the 2008 financial year, from tax payments amounting to EUR 1.3 million, from incidental acquisition expenses arising from the merger with COR AG with no effect on income amounting to EUR 0.6 million, and from acquisition costs for the purchasing of own shares for EUR 0.3 million.

In the course of the merger with COR AG, liabilities totalling EUR 18.1 million were assumed. Apart from trade liabilities and the usual multi-year payment accruals and deferrals, the above sum consists of EUR 4.3 million in liabilities from pension commitments and a bank loan of EUR 3.0 million with a term until 30 June 2010. Further liabilities amounting to EUR 1.3 million remain in a residual purchase price liability from the acquisition of COR&FJA Alldata Systems GmbH in 2008, which was redeemed in the first quarter of 2010. Adjusted for the liabilities assumed in the course of the merger with the former COR AG, the current and noncurrent liabilities were reduced by a total of EUR 0.8 million in the last financial year.

Investment analysis

In the 2009 financial year, the COR&FJA Group's investments amounted to some EUR 1.1 million (previous year: EUR 0.8 million). EUR 0.6 million of this sum was accounted for by investment in property, plant and equipment, adjusted for proceeds from the sale of property, plant and equipment. Development activity as part of the development of the product COR&FJA Insurance Platform was capitalised in the amount of EUR 0.4 million.

The Group's assets position

Asset structure analysis

In the course of the merger with the former COR AG, current assets amounting to EUR 22.9 million were acquired. In addition to liquid funds totalling EUR 5.9 million, these consist primarily of trade receivables amounting to EUR 8.7 million and work in progress totalling EUR 6.6 million. Adjusted for these additions, current assets decreased by EUR 2.5 million in the financial year ended. This resulted primarily from the reduction of EUR 4.5 million in the trade receivables portfolio, including sold receivables, as well as a decrease of EUR 1.9 million in liquid funds. In addition, a compensation claim amounting to EUR 2.5 million caused by the cancellation of a long-term customer order was recorded. The sharp increase of EUR 43.8 million in non-current assets, taking them to EUR 55.8 million, results almost entirely from the first-time consolidation of COR AG as of 31 October 2009. The difference between the purchase price and the acquired assets less liabilities resulted in goodwill of EUR 21.0 million. Intangible assets (software solutions, orders backlog and customer relationships) identified in the course of the acquisition were recorded in the amount of EUR 15.0 million. In addition, financial investments amounting to EUR 4.1 million, deferred tax assets of EUR 2.0 million and fixed assets totalling EUR 2.1 million. Adjusted for these assets that were acquired, non-current assets decreased by EUR 0.7 million in the financial year ended.

Additional disclosures about the proprietary company COR&FJA AG

As well as the financing task for the Group companies, the holding company performs mainly strategic, but also to a limited extent operational, management tasks for the Group. The tasks incumbent on the holding company are, first and foremost, determining the markets to be addressed, defining the product range and making decisions in the field of mergers and acquisitions. In addition, staff functions such as sales, marketing, human resources, finance and legal have been partly the responsibility of the holding company since the merger with COR AG, which was concluded retroactively under German Commercial Code as of 1 January 2009. COR&FJA AG generally functions as the sole or majority owner of the operating companies.

COR&FJA AG's commercial activities are restricted mainly to the settlement of services within the Group and to financing, and it operates only rarely as a contracting partner in customer projects. Within the scope of services, it is mainly the staff functions incumbent on COR&FJA AG, such as sales, marketing, human resources, finance and legal, which are settled. The purpose of the financing activity consists primarily of making interest-bearing loans to Group companies, making cash investments and distributing earnings from participating interests.

Key financial figures of the holding company (in EUR thousands in accordance with German Commercial Code)	2009	2008	Change abs.	Change %
Net income/loss for the year	-3,169.6	1,902.8	-5,072.4	
Equity	73,395.8	36,961.4	36,434.4	98.6%
Equity ratio in %	86.4%	93.4%		
Borrowed capital	11,536,7	2,590.8	8,945.9	345.3%
of which amounts owed to affiliated companies	2,523.0	3.00	2,520.0	> 999%
Fixed assets	71,207.5	27,255.3	43,952.2	161.3%
of which financial assets	70,166.7	27,194.3	42,972.4	158.1%
Current assets	13,678.6	12,264.9	1,413.7	11.5%
of which receivables from affiliated companies	3,198.8	4,324.1	-1,125.3	-26.0%
Deferred items	46.4	31.9	14.5	45.5%
Balance sheet total	**84,932.5**	**39,552.1**	**45,380.4**	**114.7%**

The primary income potential for COR&FJA AG lies in earnings from participating interests. For this reason, the disclosures for the Group concerning the development of markets, the general economic environment and opportunities and risks also apply to the holding company COR&FJA AG.

Significant events influencing the assets, financial and earnings position of COR&FJA AG in the annual financial statements under German Commercial Code (HGB)

Income position

Turnover increased from EUR 2.2 million to EUR 12.9 million compared with the previous year. This resulted primarily from the merger with COR AG as of 1 September 2009 and the service contracts with the subsidiaries of the former COR AG. This meant that in the cost allocation process, EUR 10.2 million was cleared for services rendered by the former COR AG to the subsidiaries COR&FJA Systems GmbH, COR&FJA Benelux B.V., COR Infexpert AG and COR&FJA Alldata Systems GmbH.

Other operating income increased to EUR 2.9 million, compared with EUR 1.8 million in the previous year. The most significant elements were two transactions in the 2009 financial year.

Firstly, the investment valuation as of year-end 2009 for PYLON GmbH, which was acquired in 2006, was written up from EUR 5.6 million to EUR 6.9 million. The valuation allowance of EUR 4.25 million that was carried out in 2006 was partly offset in 2007 and 2008.

The second transaction concerns a reimbursement by COR&FJA Deutschland GmbH to COR&FJA AG. In the 2006 financial year, COR&FJA AG purchased liabilities owed by COR&FJA Deutschland GmbH to the Austrian subsidiary with a nominal value of EUR 2.5 million at their prevailing fair value of EUR 0.6 million. Accordingly, COR&FJA Deutschland GmbH had liabilities of EUR 2.5 million vis-à-vis COR&FJA AG. Half of this liability was redeemed in December 2008, which resulted in earnings of EUR 1.0 million for COR&FJA AG, as this receivable was recorded in the COR&FJA AG accounts at its acquisition cost of EUR 0.6 million. The rest of the liability was redeemed in the 2009 financial year, again resulting in earnings of EUR 1.0 million.

The cost of materials increased by EUR 2.6 million to EUR 3.0 million. This resulted from the charging on of rental/lease and consulting costs and the expenses incurred for the staff functions at the subsidiaries COR&FJA Deutschland GmbH with EUR 2.0 million and COR&FJA Systems GmbH with EUR 0.2 million.

Personnel expenses increased by EUR 7.1 million to EUR 8.5 million. This figure includes a combined severance payment of EUR 2.0 million to the former Board of Management members Michael Junker and Thomas Junold. In addition, personnel expenses amounting to EUR 5.1 million result from the merger with COR AG, which had incorporated not only its Management Board, but also all of its staff departments, into the holding company.

Depreciation and amortisation, too, showed a pronounced increase that can be attributed to the merger with COR AG. In contrast to FJA AG, COR AG has the IT system environment required for its operations, as well as a number of company cars, in its business assets, resulting in depreciation of some EUR 0.4 million.

Other operating expenses, too, increased appreciably as a result of the merger, rising by EUR 5.0 million to EUR 6.5 million. The costs contained therein, for example building lease costs and renovation provisions amounting to EUR 2.2 million, were charged on to the subsidiaries within the framework of the existing service agreements. Investor relations costs and Supervisory Board costs were not charged on.

In the financial year ended, participating interests generated income of EUR 2.1 million (previous year: EUR 0). COR&FJA Austria Ges.m.b.H. contributed EUR 1.0 million of this sum, FJA bav Service GmbH EUR 0.6 million, COR&FJA asp GmbH EUR 0.3 million, and innovas GmbH EUR 0.2 million. The profit and loss transfer agreements concluded with the subsidiaries COR&FJA Systems GmbH and COR Insurance and Risk Management GmbH resulted in loss assumptions amounting to EUR 1.9 million and EUR 8,000 (previous year: EUR 0).

As a result of the sharp fall in interest on credit balances and the financing requirements during the course of the year which the merged COR AG did not cover by settling with the subsidiaries until the end of the year, the holding company's financial result, as the sum total of net interest income and expenses, deteriorated by EUR 1.1 million to EUR -0.2 million.

Under write-downs of financial assets, which show an overall loss of EUR -0.5 million (previous year: EUR -0.1 million), the investment in Hypo Capital Management AG (HCM) was written down by EUR 0.5 million to EUR 0. HCM advises institutional customers in the field of investment and asset management. During the course of the crisis on the capital markets, the company had generated losses. As COR&FJA AG had not received any valid plans to improve the company's commercial prospects or any information about the supply of fresh capital by the end of the accounting period, the carrying amount of the investment was written down.

For 2009 as a whole, COR&FJA AG 2009 generated a net loss for the year under German Commercial Code (HGB) amounting to EUR 3.2 million, following net income of EUR 1.9 million in the previous year.

Financial and assets position

As of year-end 2009 COR&FJA AG's cash and cash equivalents amounted to EUR 3.4 million, compared with EUR 5.7 million in the previous year. This deterioration in liquidity, which occurred despite the addition of EUR 3.5 million from the merger with COR AG, can be attributed first and foremost to the operating loss of EUR 3.2 million, the entry of a receivable amounting to EUR 1.2 million for the sale of the shares in Uniserv B.V., and investments in fixed assets and treasury shares.

The increase in shares in affiliated companies from EUR 17.2 million in 2008 to EUR 61.2 million by the end of 2009 can be attributed primarily to the addition of shares as a result of the merger with COR AG, and the write-up referred to above.

Equity increased by EUR 41.5 million as a result of the capital increase carried out within the course of the merger with COR AG and totalled EUR 73.4 million at the end of the financial year.

Borrowed capital increased by EUR 8.9 million to EUR 11.5 million compared with the previous year, primarily as a result of the merger between the former COR AG into COR&FJA AG. A short-term loan amounting to EUR 3.0 million, other provisions totalling EUR 1.8 million and tax provisions amounting to EUR 0.2 million were taken on in the course of the merger. Additional liabilities to affiliated companies totalling EUR 2.5 million also arose during the course of the merger.

The balance sheet total as of 31 December 2009 amounted to EUR 84.9 million (previous year: EUR 39.6 million).

The overall earnings, financial and assets position of the proprietary company COR&FJA AG can be described as solid. The staff functions that have been incorporated into the holding company since the merger with COR AG are still being charged on in full, with the exception of capital market-oriented costs and the costs of the Supervisory Board, to the subsidiaries. Future earning power, then, depends primarily on the subsidiaries' dividend distributions and the results of the profit and loss transfer agreements. Apart from COR&FJA Systems GmbH, with which the company has concluded a profit and loss transfer agreement and is budgeting for an operating loss of around EUR 0.5 million for the 2010 financial year, all the subsidiaries are expected to make a positive contribution to earnings in 2010. The primary objective is that COR&FJA Deutschland GmbH, which is currently legally unable to distribute dividends under German Commercial Code (HGB) because of negative equity, should again be in a position to distribute dividends.

EVENTS AFTER THE REPORTING PERIOD

Disclosure of particularly significant transactions

Acquisition of 100% of the shares in COR&FJA Alldata Systems GmbH

With effect from 15 March 2010, COR&FJA AG bought back 25.1% of the shares in COR&FJA Alldata Systems GmbH from the bank Sal. Oppenheim jr. & Cie. S.C.A., Luxembourg/ Luxembourg, for a purchase price of EUR 1.255 million. As a result, COR&FJA Alldata Systems GmbH has been wholly owned by COR&FJA AG since 15 March 2010.

The repurchase is based on a put/call agreement concluded in 2008 with msg systems AG, which had directly concluded a further put/call agreement with the non-controlling shareholder Sal. Oppenheim jr. & Cie. S.C.A., Luxembourg/ Luxembourg, within the framework of the acquisition of a 100% shareholding in COR&FJA Alldata Systems and the subsequent resale of 25.1% of the shares to Sal. Oppenheim jr. & Cie. S.C.A., Luxembourg/ Luxembourg. Since COR&FJA AG has already assessed the exercising of the two put/call options with effect as from 31 December 2010 at the latest as highly probable, COR&FJA Alldata Systems is being fully consolidated in the Group in the 2009 financial statements with no disclosure of any minority shareholdings.

OPPORTUNITY AND RISK REPORT

General remarks

In the type of business it conducts, the COR&FJA Group is exposed to a large number of uncertainties which, if realised, could affect the Group's assets, financial and earnings position, and that of COR&FJA AG, either positively or negatively, or result in COR&FJA falling short of or exceeding the targets it has set itself for the future development of its business.

Engagement in commercial activities geared towards making profits necessitates the taking of risks. If these risks are to bring sustained commercial success, it is important to manage them. This means firstly assessing and continually monitoring the risks with regard to their probability of occurrence and their possible impact on the company's assets, financial and earnings position. Secondly, it means identifying measures that can be used to limit or avert risks and, with regard to the company's core competencies, determining the financial strength and the costs of the respective measures based on the question of what limiting or preventive measures are taken for what risks and to what extent.

Among the Board of Management's most important tasks in the overall management of the Group are to lay down general conditions and processes of risk management for the COR&FJA Group, to monitor the degree of compliance with them and, in conjunction with the heads of the operating units and the administrative departments, to analyse regularly the development of risks in the respective segments. The Supervisory Board is closely integrated into this process by the Board of Management's regular reports.

The risk management system at the COR&FJA Group and the risk profiles of the individual divisions are documented in a risk manual. One employee in the holding company's financial division has been appointed risk officer of the Group and thereby entrusted with submitting the prevailing risk management system to regular internal evaluation and to document this process. The risk officer also has the task, under instructions from the Board of Management, of analysing each division by random sampling to determine the extent to which the measures adopted are being implemented for the limitation or prevention of risks.

It is the responsibility of the managers of the individual divisions to continuously observe and manage the risks to which their own divisions are exposed. If the probability of individual risks occurring and/or their potential scale increases significantly beyond a set threshold value, the managers are obliged to inform the Board of Management about this immediately. The foundation of good risk management is the reliable and prompt provision of the management with relevant information about the course of business. For this purpose, COR&FJA has set up a controlling and reporting system with which reports are compiled at monthly intervals about the development of significant ratios relating to the business operations in the individual divisions and the financial results, as well as the likely commercial and financial development in each of the next twelve months.

In 2009, the risk profile of the COR&FJA Group did not alter a great deal in terms of the main types of risk to which it is exposed. Below, individual types of risk that are identified as being important are explained in greater detail. Selecting these risks does not imply that, for COR&FJA, other risks which have not been mentioned will not have a significant impact on its assets, financial and earnings position.

Economic risks

The general economic trend affects the behaviour of potential customers as far as their investment in IT infrastructure and their expenditure on ongoing management consulting are concerned. An economic downturn could reduce the volume of the market that COR&FJA has trained its sights on. Any capacity adjustment measures that are regarded as necessary to counter such developments might take effect only after a time lag and would lead to restructuring costs. With the volume-related remuneration models, a delay in portfolio growth caused by the general economic situation could result in a postponement of the planned diminution in fixed costs.

With regard to the current crisis on the financial markets, it is important to observe the possible effects on COR&FJA's business closely so that any necessary reaction to new developments will be speedy.

In the event of demand falling as a consequence of the financial crisis, COR&FJA would assume that this would take effect rather more slowly among existing customers in its product business because, in that business, being bound to the solution deployed ensures that any required adjustments will also be ordered. With regard to new customers, postponements of planned investment can lead to reductions in turnover, especially in product business.

The fundamental risk that, in the current situation, parts of COR&FJA's potential customers' budgets might be put on hold is offset by the new potential that is opened up for a standard software supplier such as COR&FJA by stricter regulatory demands and increasing cost pressure. Pressure on costs in the selling market caused by the general economic situation, after all, encourages consolidation and automation tendencies which can lead to increasing demand for external system suppliers.

Competition

COR&FJA broadened its service spectrum substantially in the financial year ended, not least as a result of the merger, and expanded its selling market even more to other European countries. This is leading, on the one hand, to diversification and therefore a reduction in market development risks. On the other hand, the Group's competitors are becoming more numerous. For that reason, COR&FJA will attempt to continue its previous strategy in newly acquired product segments and regional markets as well, and to implement full value chains and full product spectrums with its solutions. In this way, it hopes to achieve the decisive competitive advantage on the market, particularly vis-à-vis new competitors with aggressive pricing policies.

Regulation of the market by legislation

Population trends and retirement pensions are among the most important problems facing society at the present time, and as a result they are among the most important spheres of activity for financial policy. To these can be added the implications of the current financial crisis. COR&FJA's main area of commercial activity is therefore subject to permanent statutory regulation. This means that a constant stream of new financial products must be implemented using software, but there are no guarantees whatsoever of their medium-term survival in terms of prevailing tax policy. For this reason, COR&FJA is repeatedly having to carry out adaptation and enhancement work on its software products.

However, legal adjustments generate demand for consulting services and new or modified products among existing customers and, if integrated quickly into the products on offer, can constitute a crucial competitive advantage.

Projects and products

The main potential source of risk in the course of operating activity lies in the calculation of the complex projects and in their organisational, functional, technical and commercial handling. These risks are controlled and monitored by means of the valid Group-wide standards for project and project risk management. The risk nevertheless remains that projects cannot be realised profitably for the COR&FJA Group because costs exceed the agreed budget, deadlines cannot be met or the services rendered fail to comply with the agreed functional specifications or the required quality and the COR&FJA Group will therefore have to grant a discount or pay compensation.

To the best of our current knowledge, the risk from fixed-price projects is not appreciable because the proportion of fixed-price projects is low at around 13% of aggregate turnover. As of the reporting date, no appreciable provisions for critical projects are necessary.

Like all software products, the COR&FJA Group's products can have defects whose elimination under guarantee increases costs and thereby influences the profit margin or even leads to compensation claims against the COR&FJA Group. The COR&FJA companies generally assume the warranty which is customary in the industry. The liability obligations are, as far as possible, limited contractually to the legal minimum and secured with appropriate third-party liability insurance policies. It can nevertheless not be ruled out that contractually agreed limitations on liability will be regarded as invalid and the available insurance cover will be available to an insufficient extent or not at all – even if this is improbable. This applies in particular to the US market.

The COR&FJA Group also uses software from external suppliers in its own software products. This third-party software can contain defects that might have an adverse effect on the functional capability of the COR&FJA Group's own products. Problems in the execution of projects and software defects that can occur in the operation of software produced by COR&FJA can do lasting damage to the reputation of the COR&FJA Group and thereby materially affect the future course of business.

Personnel risks

COR&FJA's success depends crucially on the skills, qualifications and motivation of its employees. Some of these employees in key positions play a particularly significant role. If COR&FJA is unable to get these employees to commit themselves to the company or to recruit qualified and skilled staff and develop them further on a continuous basis, COR&FJA's success can suffer significant adverse effects due to the resultant loss of know-how and expertise. An excessive burden on the company's own staff, moreover, can necessitate the deployment of expensive external capacities if the risk of quality losses in project development is to be averted. This applies particularly when the likely demographic trends are taken into consideration. In connection with this, COR&FJA will be affected particularly by the probable decline in graduate numbers, the resultant competition to recruit them and the increasing costs to which this will lead.

COR&FJA is countering this risk with an extensive set of measures. A continuous exchange of views with the employees on all factors affecting their work environment in formalised employee talks and questionnaires, internal training to prevent monopolies of knowledge and skills, on-the-job graduate training and the recruitment of suitable people through all of the usual market channels are just a few examples of these. It is also intended that the new corporate philosophy, which has been developed jointly with the workforce, should boost the employees' identification with the company.

Technological risks

As with all comparable companies, the functional capacity of the business processes is also dependent on the availability and secure operational capacity of the IT infrastructure. External events, for example fire, lengthy power or network failures, operational errors or acts of sabotage, among other things, can also render the IT infrastructure inoperable. Our systems, and also those of our customers, can succumb to viruses which damage and incapacitate the systems or the network. Internal or external attacks can damage, distort or delete information and eavesdrop on confidential data and information. The probability and the extent of damage caused by viruses and hackers, by unauthorised persons accessing the IT system and by the eavesdropping on confidential information cannot be estimated reliably.

Recovery expenses, loss of production and recourse claims from customers and third parties as a result of system breakdowns or attacks could cause significant damage which, in turn, could influence earnings and endanger the continued existence of the company.

Since IT security is strategically significant, extensive technical and organisational steps are, as far as possible, taken within the framework of the IT security concept. These steps include restrictive authorisation and access controls, regular backups and adequate contractual arrangements with service providers for outsourced systems and the telephone and other communication links. In order to give protection against penetration by viruses, the latest software available on the market is deployed as a matter of principle. Access restrictions prevent possibly infected software from being installed impermissibly in the COR&FJA computer network. Defined security requirements limit the access of unauthorised persons and ensure that data are protected. Financial loss is limited with appropriate insurance policies.

Risks from takeovers

COR&FJA is also interested in expanding its market position in Germany and internationally by making selective acquisitions. The success of these acquisitions will depend on the extent to which the Group can integrate the acquired company into its overall structure and achieve the synergy effects it desires. In the field of professional services, acquisitions bring with them the particular risk that, in the main, the expertise, market knowledge and customer contacts that are acquired are tied only loosely to the acquired company.

COR&FJA AG is the defendant in a shareholder action brought before Stuttgart District Court (LG) pursuant to Section 15 Para. 1, German Transformation Act (UmwG) in conjunction with Section 1 (4), German Award Proceedings Act (SpruchG). In the aftermath of the merger of COR AG Financial Technologies with FJA AG, several former COR AG Financial Technologies shareholders have initiated a legal challenge to examine the appropriateness of the share exchange ratio established in the merger agreement. If at least one of the motions for the examination and redetermination of the exchange ratio were to be successful and the court would stipulate a settlement by means of additional cash payment, not only the claimants who mounted the legal challenge, but also every other former shareholder in COR AG Financial Technologies, could legitimately assert this claim. The outcome of this examination of the extremely complex corporate valuations to be conducted before the court cannot be foreseen. For that reason, no forecast can presently be made as to whether, and if so in what amount, COR&FJA AG might be facing a liability as a result of the court proceedings.

Financial risk management

In the company's financial risk management, an interest rate swap with a volume of EUR 3.0 million which was contracted for the period from January 2008 to November 2012 is used within the framework of the merger to hedge anticipated interest rate increases. The negative market value of the interest rate swap was EUR 236,000 as of 31 December 2009. For COR&FJA, the interest rate risk means negative effects on the assets and earnings position that can result from changes in interest rates.

To summarise on the basis of the information that is available at present, no risks can be discerned that might jeopardise the continued existence of the COR&FJA Group – despite the relevance of the risks specified above. Against the backdrop of the development of its business in the 2009 financial year, the Group's assets and financial position can be regarded as stable.

DECLARATION ON CORPORATE GOVERNANCE PURSUANT TO SECTION 289A, GERMAN COMMERCIAL CODE (HGB)

The declaration on corporate governance pursuant to Section 289a HGB contains the statement of compliance, disclosures on corporate management practices and the description of the working methods of the Board of Management and the Supervisory Board. In making this declaration, COR&FJA is pursuing the goal of presenting its corporate governance clearly and concisely. The declaration can be seen on our website at
http://cor.fja.com/en/investor-relations/corporate-governance.html.

DESCRIPTION OF THE SIGNIFICANT CHARACTERISTICS OF THE INTERNAL CONTROL SYSTEM AND THE RISK MANAGEMENT SYSTEM IN RESPECT OF THE ACCOUNTING PROCESS AND GROUP ACCOUNTING PROCESS PURSUANT TO SECTION 289 PARA. 5 AND SECTION 315 PARA. 2 (5) GERMAN COMMERCIAL CODE (HGB)

In each of the two companies, COR&FJA AG (formerly FJA AG) and the former COR AG Financial Technologies, there was an internal control system and a risk management system – also in respect of the accounting-related processes and all the risks and controls related to accounting. The systems in the two companies were largely identical.

Basically, the internal control system and the risk management system at COR&FJA AG also encompass the accounting-related processes and all the risks and controls related to accounting. This refers to all parts of the internal control and risk management systems which can materially influence the annual financial statements and the consolidated financial statements.

With regard to the accounting process, the objective of the risk management system is to identify and assess risks which can impede the intended compliance of the annual financial statement and consolidated financial statements with the relevant regulations. Any risks which have been identified must be assessed for their influence on the annual financial statement and the consolidated financial statement, with external specialists being consulted. In this context, the objective of the internal control system is to guarantee securely by setting up appropriate controls that an annual financial statement and a consolidated financial statement are being prepared in compliance with the regulations despite the risks identified.

The internal control system and the risk management system encompass all the subsidiaries which are of material significance for the annual financial statements and consolidated financial statements and all of the processes which are relevant for the preparation of those statements. The controls which are relevant for the preparation of the accounts are geared particularly towards risks arising from significant misstatements in the financial reporting. The assessment of misstatements' significance is based on the likelihood of their occurrence and their possible financial impact on sales, EBIT or the balance sheet total.

The COR&FJA Group has a clear management and corporate structure in which key cross-departmental functions are controlled in centralised fashion via the company. The most important elements in risk management and control in financial accounting are the clear allocation of responsibilities and controls when preparing the financial statements, transparent specifications by way of guidelines for balance sheet accounting and the preparation of financial statements, appropriate access regulations for all electronic data processing systems with relevance for the financial statements, and the clear regulation of areas of responsibility when external specialists are brought in. Peer review and the separation of functions, too, are important control principles in the accounting process. An adequate guideline system (e.g. Group manual, payment guidelines, travel expenses guidelines, etc.) has been set up and is updated continuously. The departments and divisions involved in the accounting process (accounting, finance and controlling) are adequately equipped both qualitatively and quantitatively.

The identified risks and appropriate measures taken are updated as part of the monthly report to the risk officer and reported to the COR&FJA Group's management. The effectiveness of internal controls with regard to accounting is assessed at least once a year – predominantly as part of the financial statements preparation process. In relation to the processes with relevance for accounting, the auditor, too, carries out an assessment as part of his auditing activities.

The auditor is also obliged, as part of the financial statements auditing process, to inform the Supervisory Board's audit committee about risks or monitoring weaknesses with relevance for accounting and about other significant weaknesses in the internal control system and the risk management system in respect of the accounting process that were identified within the framework of the auditing activities.

OUTLOOK

Market and competition

COR&FJA successfully merged the two former companies COR and FJA in 2009. This means that from a balance-sheet reporting point of view, the financial year completed was a transitional year: as a result of the first-time consolidation of the former COR AG Financial Technologies by COR&FJA AG ('acquisition of COR by FJA') only the two months of November and December 2009 are included in the consolidated financial statement for COR&FJA.

By carrying out this merger, the new, joint company has developed further to become a leading European full-range supplier for the entire European financial services industry with the main emphasis on banks, insurance companies and providers of company pension schemes. With its extensive product portfolio for life assurance, health insurance and non-life insurance, as well as for universal and direct banks, automotive finance companies and mortgage lending institutions, COR&FJA has very good market opportunities and a very strong market position.

This also applies, in particular, to the Group's further internationalisation, because in addition to a strong market position in the German-speaking countries, COR&FJA's software is used around the world. Users in more than 15 European countries, the US and Australia are already using the company's solutions. In this strategic project, COR&FJA is putting its faith first and foremost in cooperation, partnerships and selective participating interests in companies. In addition, COR&FJA has taken note of the trend whereby Group companies want to supply other Group companies in other countries with the solutions that they have implemented for their own region. This, too, is reinforcing the trend towards the internationalisation of COR&FJA as a service provider for customers.

One interesting and promising market from the internationalisation point of view is the Benelux countries, where COR&FJA achieved its first successes in 2009. For the banking segment, the mortgage market there is particularly promising because there is hardly any competition and the solution offered by COR&FJA with its high level of automation offers important value-added.

Other interesting markets are located in south-eastern Europe, where COR&FJA is currently conducting a number of promising discussions. On the growth markets in the Central and Eastern European countries, COR&FJA has now been present for almost ten years with its two subsidiaries, one in Slovakia and one in Slovenia. For the US market, which offers such great potential, COR&FJA is additionally assessing the extent to which its own product portfolio can be used even more effectively there.

For the current financial year of 2010, it must be conceded that the acquisition of new customers in both the insurance and banking segments is still proceeding rather sluggishly. Although some promising talks are being held, the customers' decision-making processes are currently longer than in the previous years as a result of the persistent financial and economic crisis. This, however, is the very context in which COR&FJA is expecting to see a further increase in regulation throughout the financial services sector as a direct consequence of the crisis. This regulation will lead to considerable adaptation requirements as far as the solutions currently being used are concerned and will further reinforce the trend towards the use of standard software. This, incidentally, corresponds to the experience that COR&FJA gathered in the aftermath of the 2002 financial crisis.

The German market is likely to remain lively this year and, as far as can be foreseen, in the years to come because of legislative changes and the associated implementation on the part of insurance companies. The trend towards internationalisation and consolidation, and towards international IT harmonisation, remains intact. Parallel to that, the market is moving away from the conventional capital-forming life assurance policy and towards hybrid products. Private pension insurance, too, is becoming more and more significant. Based on this assumption, COR&FJA is expecting last year's restrained demand to be succeeded during the course of this year by a revival of interest in the software solutions being offered for insurance companies.

This applies in particular to the non-life insurance solution COR.FJA P&C, which is scheduled for expansion to become the leading non-life insurance system in Germany, Austria and Switzerland over the next few years. At the moment, the market for non-life, third-party liability, accident and motor insurance, which is nearly as large as the life assurance market, is still largely dominated by technically obsolete systems. As the systems are mostly difficult to maintain and updating them is difficult and time-consuming, COR&FJA is assuming that there will be a market adjustment. The first successes with the non-life insurance solutions have been in connection with the acquisition of Grundeigentümer-Versicherung as a customer. Also in the German-speaking region, the Swiss market, where numerous invitations to tender are currently underway, is interesting. COR&FJA, in some cases jointly with its strategic partner msg systems AG, is involved in all the significant tender procedures there.

In the banking area, 2009 was a rather quiet year for COR&FJA as far as new business was concerned. MCE Bank, however, which opted for COR&FJA's core banking system, was won as another new customer from the automotive finance company segment. For the current financial year, COR&FJA is expecting a rather restrained business environment, and in the medium term the company expects to see a great deal of consolidation on the IT supplier market.

Product enhancement

As well as cultivating our existing customers and winning new ones, our activities are focused particularly on the targeted further development and completion of COR&FJA's product platforms.

These include, among others, the non-life insurance solution COR.FJA P&C, which we are going to enhance and turn into the leading non-life insurance system in Germany, Austria and Switzerland by investing almost 2,000 person days this year.

The most important enhancement in the insurance field is the conversion to SOA-JEE in COR.FJA Life Factory, for which a total of 4000 person days in development capacity are being made available. This is COR&FJA's direct reaction to the demanding requirements of the major life assurance companies with regard to customising and to process and product flexibility.

In the medium term, the company is planning to also force its way into the top-ten segment of life assurers in Germany.

Furthermore, COR&FJA bundles and integrates these and all other individual components within the COR.FJA Insurance Suite. Another 2,500 person days have been earmarked for this process. The international insurance market will then have at its disposal the required across-the-board integral solution which, if required, is also available at any time as an attractive, cost-effective ASP solution.

The primary objective in the banking product segment is to develop the COR.FJA Banking Suite further and make it the leading standard full banking system in Germany and Europe. Following the acquisition and integration of the two core banking systems COR-PARIS in the mortgage lending institutions segment and MBS Open for private banks, the integration of these two systems into the COR.FJA Banking Suite began in 2009. In the process, the peripheral systems are selected using the 'best of breed' approach or developed afresh using modern technology. For this stage of development, too, another substantial investment of almost 3,500 person days is scheduled.

For the current financial year 2010, COR&FJA is confident that it can achieve the targets that it published for the year in February 2010. According to these, COR&FJA is expecting turnover of EUR 123.0 million and operating pre-tax earnings (EBTA) of EUR 7.5 million. In the medium term, COR&FJA does not believe that there will be any significant change on its target markets and is therefore assuming that turnover and earnings will continue to develop positively over the next few years. For the 2011 financial year, the company is expecting an increase of around 5% in turnover and an operating return (EBT%) of 20% on the additional turnover. In addition, the company anticipates merger-related synergy effects in the personnel and material costs area amounting to EUR 2.5–3.0 million.

CLOSING DECLARATION ON THE DEPENDENCY REPORT IN ACCORDANCE WITH SECTION 312, GERMAN STOCK CORPORATION ACT (AKTG)

In the legal transactions with affiliated companies specified in the report, our company received a consideration for each of these legal transactions that was reasonable under the circumstances that were known to us at the time when the legal transactions were carried out. Discriminatory measures at the instigation or in the interests of the dominant party or a company affiliated to that party were effected neither by actions nor by failing to act. This assessment is based on the circumstances that were known to us at the time when the reportable transactions were carried out.

Leinfelden-Echterdingen, 14 April 2010
COR&FJA AG

Ulrich Wörner
Chairman of the Management Board

Klaus Hackbarth
Deputy Chairman of the Management Board

Milenko Radic
Member of the Management Board

Volker Weimer
Member of the Management Board

Rolf Zielke
Member of the Management Board

Consolidated financial statement

Consolidated profit and loss statement

Consolidated profit and loss statement

	Marginal number	2009 EUR	2008 EUR
Turnover	VII.1	**68,401,801**	**63,625,758**
Change in inventory of finished and unfinished services		137,617	3,280
Capitalised own services for development	VII.2	422,405	402,477
Other operating income	VII.5	4,088,154	1,720,362
Cost of purchased services	VII.3	-4,137,604	-2,021,565
Personnel expenses	VII.4	-50,729,374	-42,177,352
Other operating expenses	VII.6	-15,120,264	-13,989,576
Depreciation of property, plant and equipment and amortisation of intangible assets	VII.7	-1,454,107	-839,576
Operating result		**1,608,628**	**6,723,808**
Interest income	VII.8	240,414	662,639
Interest expenses	VII.8	-513,741	-658,303
Income from participating interests	VII.9	163,085	0
Earnings before income taxes		**1,498,386**	**6,728,144**
Taxes on income and revenues	VII.10	-556,304	-2,180,310
Consolidated earnings		**942,082**	**4,547,834**
Profit allocation statement:			
Profits/losses that are to be assigned to the shareholders of the parent company		962,448	4,547,834
Profits that are to be assigned to the minority shareholdings		-20,367	0
Consolidated earnings		**942,082**	**4,547,834**
Earnings per share (undiluted)	X.	0.04	0.21
Earnings per share (diluted)	X.	0.04	0.21
Shares in circulation on average (undiluted/diluted)		25,760,602	21,202,066

Consolidated Statement of comprehensive income

Consolidated statement of comprehensive income

	2009 EUR	2008 EUR
Consolidated earnings	**942,082**	**4,547,834**
Unrealised profits and losses from currency differences	-100,075	236,569
Costs incurred in the capital increase	-53,335	0
Actuarial profits and losses from performance-oriented plans	-146,145	0
Deferred taxes	64,831	0
Revenues and expenses directly included in equity	**-234,724**	**236,569**
Total earnings	**707,358**	**4,784,403**
of which profits/losses that are to be assigned to the share-holders of the parent company	727,684	4,784,403
of which profits/losses that are to be assigned to the minority shareholdings	-20,326	0

Assets

Consolidated balance sheet | Assets

	Marginal number	31.12.2009 EUR	31.12.2008 EUR
Current assets			
Cash and cash equivalents	VIII.1	22,281,929	18,253,536
Securities	VIII.2	254,525	3,394
Trade receivables	VIII.3	23,793,261	13,081,349
Invoiced receivables		15,923,410	11,926,487
Receivables not yet invoiced		7,869,851	1,154,862
Receivables from affiliated companies	VIII.4	48,790	0
Inventories	VIII.5	541,955	4,350
Ongoing income tax claims	VIII.6	821,692	179,919
Other financial receivables	VIII.7	3,980,827	116,706
Other short-term assets	VIII.8	1,071,852	760,917
Short-term assets, total		**52,794,831**	**32,400,171**
Non-current assets			
Goodwill	VIII.9	24,608,721	3,582,591
Other intangible assets	VIII.9	17,728,318	2,049,963
Property, plant and equipment	VIII.10	3,154,464	1,581,183
Financial investments	VIII.11	2,900,697	5,806
Deferred tax claims	VIII.12	6,617,029	3,579,883
Ongoing income tax claims	VIII.6	753,045	792,755
Other financial receivables	VIII.13	22,769	348,267
Long-term assets, total		**55,785,044**	**11,940,448**
Assets, total		**108,579,875**	**44,340,619**

Equity and liabilities

Consolidated balance sheet | Equity and liabilities

	Marginal number	31.12.2009 EUR	31.12.2008 EUR
Current liabilities			
Financial liabilities	VIII.14	3,000,000	0
Trade payables	VIII.15	3,416,195	581,962
Amounts owed to affiliated companies	VIII.4	135,123	0
Current income tax liabilities	VIII.16	1,667,360	856,867
Other provisions	VIII.17	3,418,288	1,558,048
Other current liabilities	VIII.18	2,690,174	2,013,071
Other financial liabilities	VIII.19	11,955,806	7,304,692
Short-term liabilities, total		**26,282,946**	**12,314,640**
Non-current liabilities			
Other provisions	VIII.17	490,765	479,936
Other financial liabilities	VIII.19	836,790	2,276,679
Deferred tax liability	VIII.12	6,727,192	1,006,855
Pension provisions	VIII.20	5,190,806	1,631,405
Long-term liabilities, total		**13,245,553**	**5,394,875**
Liabilities, total		**39,528,499**	**17,709,515**
Equity			
Subscribed capital of COR&FJA AG	VIII.21	40,895,861	20,771,074
Capital reserve of COR&FJA AG	VIII.22	33,478,525	9,876,062
Group retained income	VIII.23	-5,333,528	-4,016,032
Shareholdings shareholders parent company		**69,040,858**	**26,631,104**
Minority interests	VIII.24	10,518	0
Equity total		**69,051,377**	**26,631,104**
Equity and liabilities, total		**108,579,875**	**44,340,619**

Consolidated cash flow statement

Consolidated cash flow statement

	2009 EUR	2008 EUR
Consolidated earnings	942,082	4,547,834
Income taxes	556,304	2,180,310
Earnings before income taxes	**1,498,386**	**6,728,144**
Adjustments for the transfer of earnings to the cash flow from operational activities		
Depreciation of property, plant and equipment and amortisation of intangible assets	1,454,107	839,576
Earnings from disposal of tangible assets	-55,892	-2,770
Change in provisions for pensions	-27,474	20,034
Interest income	-240,414	-662,639
Interest expenses	513,741	658,303
Income taxes reimbursed	384,042	75,263
Income taxes paid	-1,685,397	-662,669
Change in:		
Trade receivables	4,455,084	-5,160,715
Inventories	-537,605	-3,281
Other assets Other financial receivables Ongoing income tax claims	-2,416,096	125,713
Other reserves	1,333,794	-326,022
Trade payables	1,765,866	-207,041
Other debts Financial liabilities	-2,649,682	731,126
Cash flow from operating activity (see Notes IX.)	**3,792,460**	**2,153,021**

Consolidated cash flow statement

(Amount carried forward)	2009 EUR	2008 EUR
Cash flow from investment activity		
Investments in tangible assets	-1,008,920	-117,398
Investments in intangible assets	-386,992	-515,722
Incoming payments from disposal of tangible assets	427,834	6,069
Investments in financial assets	-40,023	0
Purchase of securities	28,221	0
Outgoing payments from the purchase of minority shareholdings in consolidated companies	-170,000	-130,000
Cash flow from investment activity	**-1,149,880**	**-757,051**
Cash flow from financing activity		
Outgoing payments acquisition of treasury shares	-257,818	-935,731
Outgoing payment ancillary acquisition costs COR Group	-572,000	0
Outgoing payments from hedging transactions	0	-89,715
Repayment of short-term financial liabilities	-1,313,614	-1,198,394
Profit distributions	-2,065,067	0
Outgoing payments for transaction costs within the framework of a capital increase	-53,334	0
Interest received	240,414	662,639
Interest paid	-513,741	-658,303
Cash flow from financing activity	**-4,535,160**	**-2,219,504**
Changes due to the exchange rate with no impact on earnings	**-40,621**	**182,715**
Change in cash funds	**-1,933,201**	**-640,819**
Cash funds at the start of the reporting period	**18,253,536**	**18,894,354**
Addition of cash and cash equivalents due to change in consolidation group	**6,068,594**	**0**
Cash funds at the end of the reporting period*	**22,388,929**	**18,253,536**
* of which freely available	19,715,672	15,780,019

Consolidated statement of changes in equity

EUR	Subscribed capital	Capital reserve	
			Currency compensation item
Marginal number	21	22	23
As of 1.1.2008	**21,289,353**	**10,293,514**	**1,749,961**
Total earnings	**0**	**0**	**236,569**
Transfers from minorities to profit reserve	0	0	0
Disposal minorities through payment	0	0	0
Acquisition treasury shares	-518,279	-417,452	0
Other changes	0	0	-20,282
As of 31.12.2008	**20,771,074**	**9,876,062**	**1,966,248**
Adjustment carryforward due to conversion to SORIE	0	0	0
Total earnings	**0**	**-35,745**	**-100,115**
Capital increase acquisition COR AG	21,513,100	25,170,327	0
Difference arising from change in consolidation group	0	0	0
Agreed payment of balance from acquisition of shares prior year	0	0	0
Profit distributions	0	0	0
Acquisition treasury shares	-1,388,313	-1,532,120	0
Other changes	0	0	587,252
As of 31.12.2009	**40,895,861**	**33,478,525**	**2,453,385**

Group retained income		Interim total		Equity
Net Investment	Other	Shareholdings shareholders parent company	Minority interests	
23	23		24	
-1,745,770	**-8,836,595**	**22,750,463**	**161,969**	**22,912,432**
0	**4,547,834**	**4,784,403**	**0**	**4,784,403**
0	31,969	31,969	-31,969	0
0	0	0	-130,000	-130,000
0	0	-935,731	0	-935,731
0	20,282	0	0	0
-1,745,770	**-4,236,510**	**26,631,104**	**0**	**26,631,104**
0	134,175	134,175	0	134,175
0	**863,544**	**727,684**	**-20,326**	**707,358**
0	19,969	46,703,396	0	46,703,396
0	0	0	30,845	30,845
0	-170,000	-170,000	0	-170,000
0	-2,065,067	-2,065,067	0	-2,065,067
0	0	-2,920,433	0	-2,920,433
-590,807	3,555	0	0	0
-2,336,578	**-5,450,335**	**69,040,858**	**10,518**	**69,051,377**

The mood was relaxed and cheerful. And the numerous new faces clearly demonstrated how big the company has become as a result of the merger.

Nearly 800 members of staff attended
the merger party in the SI-Centrum in Stuttgart

Notes to the consolidated financial statement

I. GENERAL EXPLANATIONS

1. Basic information

The consolidated financial statements of COR&FJA AG, Leinfelden-Echterdingen, Germany, as of 31 December 2009, encompass the parent company, all of the subsidiaries (hereinafter referred to as the 'COR&FJA Group') and all of the associated companies. The reporting year comprises the calendar year.

The consolidated financial statements of COR&FJA AG, Leinfelden-Echterdingen, Germany, as of 31 December 2009 was prepared taking account of all the International Financial Reporting Standards (IFRS) stipulated by the International Accounting Standards Board (IASB) which were valid as of the reporting date, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which were binding for the financial year ended and whose application is mandatory in the European Union.

The COR&FJA Group is a leading consulting and software company for the insurance and old-age pensions market in Europe. Its software solutions give support to insurance companies, banks and company pension institutions in the conceptual planning, realisation and administration of their products.

The COR&FJA Group's head office is located at Karlsruher Straße 3, 70771 Leinfelden-Echterdingen. COR&FJA AG is a public limited company under German law.

The Management Board of COR&FJA AG approved the consolidated financial statements for submission to the Supervisory Board on 14 April 2010. The Supervisory Board has the task of examining the consolidated financial statements and declaring whether it approves the consolidated financial statements.

The statement of income was prepared in accordance with the total expenditure format. In order to improve its clarity of presentation, various items in the statement of financial position and the statement of income were consolidated. These items are reported and explained separately in the notes. The statement of financial position is classified on the basis of maturities.

The reporting currency is the euro, and the rounding is done to thousands or millions of euros. This can give rise to rounding differences of up to one arithmetical unit.

The company is obliged under Section 290 in conjunction with Section 291, Subsection 3, of the German Commercial Code (HGB), to prepare consolidated financial statements. The company prepared discharging consolidated financial statements and a discharging Group management report in accordance with Section 315a HGB as of 31 December 2009. The consolidated financial statements are published in the electronic German Federal Gazette and deposited with the electronic register of companies under HRB 731 887 at Stuttgart Local Court (Amtsgericht). As of the reporting date, COR&FJA AG is a subsidiary of msg group GmbH (previously: GEDO Unternehmensverwaltungsgesellschaft mbH), Ismaning (previously: Hürth), which prepares the consolidated financial statements for the largest number of Group companies.

Events after the reporting date are included up until 14 April 2010.

2. New and amended standards

New and amended standards applied for the first time in the fiscal year

In the 2009 fiscal year, the financial statements were based on the IFRS which are mandatory for fiscal years which begin on or after 1 January 2009. New standards, amendments to standards, and interpretations that must be applied for the first time for fiscal years that end as of 31 December 2009 are as follows:

- Amendments to IFRS 1 ('First-time Adoption of International Financial Reporting Standards') and IAS 27 ('Consolidated and Separate Financial Statements according to IFRS - cost of an investment in a subsidiary, a jointly controlled entity or an associate'),
- Amendments to IFRS 2 ('Share-based Payment - Vesting Conditions and Cancellations'),

- Amendments to IFRS 7 ('Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments'),
- IFRS 8 ('Operating Segments'),
- IAS 1 ('Presentation of Financial Statements'),
- IAS 23 ('Borrowing Costs')
- Amendments to IAS 32 ('Financial Instruments: Presentation') and IAS 1 (Presentation of Financial Statements - Callable Financial Instruments and Obligations Arising from Liquidation'),
- Amendments to IAS 39 ('Financial Instruments: Recognition and Measurement - Reclassification of Financial Assets: Effective Date and Transition'),
- Amendments to IFRIC 9 ('Reassessment of Embedded Derivatives') and IAS 39 ('Financial Instruments: Recognition and Measurement - Embedded Derivatives'),
- IFRIC 15 ('Agreements for the Construction of Real Estate').

IFRS 8 ('Operating Segments') replaces IAS 14 ('Segment Reporting'). The new standard requires companies to provide financial and descriptive information with regard to their segments subject to reporting requirements. Segments subject to reporting requirements are operating segments or combinations of operating segments which fulfil particular criteria. Operating segments are those components of a company for which separate financial information is available which is examined regularly by the highest management body of a company in order to assess the company's commercial success and decide on how resources are to be distributed. In general, financial information must be reported on the basis of the internal controlling system. The management body can use it to assess the operating segments' commercial results and make decisions on how the resources should be distributed. The new standard must be applied for those fiscal years which begin on or after 1 January 2009. COR&FJA AG decided during the fiscal year that ended on 31 December 2008 to apply IFRS 8 prematurely.

The amendments to IFRS 7 provide for expanded disclosures in the notes for the financial instruments measured at fair value in the statement of financial position. For reporting purposes, a threetier fair value hierarchy is being introduced in which the fair values are classified on the basis of the input parameters used for valuation. This makes clear the extent to which observable market data are available when the fair values are being measured. Another amendment is aimed at improving the disclosures about the liquidity risk by defining clearly the size of the liabilities to be included in the maturities structure. The first-time application of these amendments involves new disclosures in the notes about the financial instruments which are measured at fair value.

The revised version of IAS 1 contains significant changes in the presentation and reporting of financial information in the financial statements. The revisions provide in particular for the introduction of a statement of income and accumulated earnings which encompasses both the earnings generated in a period and the expenses and income reported under equity with no effect on income, and supplements the consolidated statement of income in its previous form. In addition to the consolidated statements of financial position as of the reporting date and the previous reporting date, moreover, the figures at the beginning of the comparable period must also henceforth be presented insofar as the company applies accounting and valuation methods retrospectively, corrects an error or reclassifies an end-of-year item. The first-time application of IAS 1 has led to supplements as a result of the new consolidated statement of comprehensive income.

The other new standards and interpretations have no impact on the financial statements of the COR&FJA Group.

Standards/Interpretations which are not being applied prematurely

The following standards, amendments and interpretations which were published and must be applied on or after 1 January 2010 were not applied before they became mandatory:

- IFRS 1 ('First-time Adoption of International Financial Reporting Standards'), mandatory application for fiscal years starting on or after 1 July 2009,
- IFRS 3 ('Business Combinations'), mandatory application for fiscal years starting on or after 1 July 2009,
- Amendments to IAS 27 ('Consolidated and Separate Financial Statements according to IFRS'), mandatory application for fiscal years starting on or after 1 July 2009,
- Amendments to IAS 39 ('Financial Instruments: Recognition and Measurement - Exposures Qualifying for Hedge Accounting'), mandatory application for fiscal years starting on or after 1 July 2009,
- IFRIC 12 ('Service Concession Arrangements'), mandatory application for fiscal years starting on or after 29 March 2009,
- IFRIC 17 ('Distributions of Non-cash Assets to Owners'), mandatory application for fiscal years starting on or after 1 July 2009,
- IFRIC 18 ('Transfers of Assets from Customers'), mandatory application for fiscal years starting on or after 1 July 2009.

3. Merger of COR AG Financial Technologies and FJA AG to become COR&FJA AG

On 11 March 2009, the Supervisory Board and Management Board of FJA AG had announced that on this date, the management boards of COR AG and FJA AG, with the approval of their respective Supervisory Boards, had signed a letter of intent regarding an amalgamation of the two companies. In it, COR AG and FJA AG agreed to strive for a merger of equals between the two companies.

On 8 June 2009, COR AG and FJA AG came to an understanding on the merger agreement and the share exchange ratio. With regard to the latter, the shareholders of COR AG Financial Technologies will receive 25 FJA shares in exchange for 14 COR shares. The 'merger report' was also signed on this day.

The resolutions that were required for the merger were then submitted for approval and adopted with comfortable majorities at the annual general meetings of COR AG and FJA AG on 28 and 27 July 2009 respectively.

After an action for the annulment of the merger resolution arising from FJA AG's annual general meeting had been brought to an end by means of a settlement in court in September 2009, the merger of the two companies was completed successfully with the merger of COR AG into FJA AG in FJA AG's commercial register entry on 19 October 2009. This entry meant that COR AG was deleted and devolved upon FJA AG with all its rights and duties. At the same time, FJA AG's renaming as COR&FJA AG came into effect. On 26 November 2009, the relocation of the COR&FJA AG company headquarters from Munich to Leinfelden-Echterdingen was entered in the commercial register and thereby became effective.

This merger into COR&FJA AG represents an amalgamation of two leading systems suppliers in the field of software and consulting solutions for insurance companies and providers of company pension schemes. In addition, the former COR AG Financial Technologies had an extensive spectrum of software and consulting services for banks which had been built up strategically over the preceding years. Depending on customer requirements, the standard software solutions and services can also be made available in ASP (application service providing) operations.

The merger's objective is sustainable value-added for the new company and its shareholders, customers and employees alike. The merger will result in even better exploitation of market opportunities which are arising in the financial services sector as a result of increasing pressure to reduce prices and standardise and of ever-increasing demands on IT. The new company wants to use the size and market position it has now attained to win increasing numbers of large-scale customers.

The merger will also have cost-reducing effects, for example as a result of joint product development and improved terms for the purchasing of services and for certain essential operational expenses (e.g. insurance charges, purchasing of property, plant and equipment). The consolidation of the central functions (human resources, finance, IT, marketing, sales) is making it possible to realise further cost synergies. Its merger into a listed company, moreover, has rendered the costs of stock market listing for COR AG redundant: the two companies' complementary location structures (COR Group: Germany, Switzerland, Slovakia, the Netherlands; FJA Group: Germany, Austria, Switzerland, USA, Slovenia) provide an outstanding basis for the internationalisation process they are striving for.

The merger of COR AG and FJA AG does not constitute a company acquisition under joint control according to IFRS 3.2c. In this case, the rules applied for the balance sheet accounting of mergers are those stipulated in IFRS 3.

The merger means that the Group's figures from the previous year are not compatible with those of the reporting year.

II. ACCOUNTING AND VALUATION METHODS

All of the companies in the consolidated group use uniform accounting and valuation methods. With one exception in the area of pension provisions, the consolidation methods and the accounting and valuation principles reported in the previous year were used continuously.

Change in the accounting and valuation methods

COR&FJA AG has changed its accounting and valuation methods for pension provisions as of 1 January 2009/31 December 2009. As a result, actuarial gains and losses will in future be posted immediately to equity with no effect on income rather than being spread over the employees' remaining years of service in the event of the commitment's 10 per cent corridor being exceeded or fallen short of. According to IAS 12, deferred tax assets from the increase in the pension provision must be taken into account and recorded under equity with no effect on income in accordance with the underlying transaction. This changeover is a voluntary change of method (IAS 8.14), which was chosen within the framework of the merger between COR AG and FJA AG. For reasons of materiality, COR&FJA AG has not adjusted the comparable figures for the previous reporting periods. The impact of the adjustment was recorded under equity in other revenue reserves as of 1 January 2009 and amounts to EUR 134,000. COR&FJA AG believes that the immediate recording of actuarial gains and losses in their entirety leads to a better presentation of the assets position in the statement of financial position because hidden reserves and/or encumbrances are uncovered and the information conveyed by the financial statements is therefore more relevant.

The other accounting and valuation methods have not changed since the previous year.

Income from the sale of goods, the rendering of services and the utilisation of services belonging to the company by third parties in return for **interest, licence charges** and **dividends** are generally recorded only if the inflow of funds is sufficiently probable and its amount can be determined reliably. They are measured at the fair value of the counterperformance received or to be claimed. Specifically, the following shall apply to the recording of turnover and income:

With some of the customer projects (especially fixed-price projects), turnover is recognised in accordance with the progress of the project (percentage-of-completion method) insofar as the degree of completion, the costs incurred in the project and the costs that can be expected up until its final completion can be determined reliably. The basis for calculating the progress of a project is the ratio of costs already incurred to the estimated total cost volume of the contract, which is determined on the basis of project valuations. The services rendered within the framework of this method are shown as **receivables not yet invoiced or advance payments received**. If required, the lower attainable value as of the reporting date is shown.

Service contracts which are settled on the basis of the disbursements which are made and eligible for reimbursement (management projects) are realised subject to the services rendered by the COR&FJA companies.

Turnover from **maintenance services** is recognised pro-rata using the straight-line method over the contractually agreed service period. For licence revenues (including reference systems and specialist concepts) to be recognised, the following conditions must generally be fulfilled cumulatively:

1. a contract has come into being with legal effect,
2. the software/reference system/ specialist concept has been delivered,
3. the licensing charge has been fixed and
4. the receipt of payment is probable.

If the sale of the licence is unconnected with other services from a commercial point of view, the turnover is recognised in relation to the customer in the month in which the software (or reference system or specialist concept) is delivered and/or accepted.

If the sale of the licence is connected with other services rendered by COR&FJA, distinctions are basically made between the following cases:

If the service comprises customised standard software which is adapted (max. around three months) at COR&FJA and then delivered to the customer, the turnover is generally recognised in the month of delivery to and/or receipt by the customer if such a service is agreed in the contract.

For longer-term projects in which the process of adapting the standard software takes more than three months before its first-time implementation on the customer's premises, turnover is recognised using the percentage-of-completion method. If the degree of completion, in relation to the licence, is difficult or impossible to ascertain – in particular when the project work can be influenced by the customer – turnover is treated as an accrued item using the straight-line method until the customised software solution is used productively for the first time.

When a time-limited licence for a COR&FJA standard software product is issued, the revenues are treated as an accrued item using the straight-line method over the agreed period.

Interest earnings are recorded using the effective interest method. **Interest expenses** are posted through profit and loss on an accrual basis.

Financial assets encompass cash and cash equivalents, securities, trade receivables, other financial receivables, and financial investments. A financial asset is shown in the statement of financial position only if the COR&FJA Group is a contracting party in the regulations for the financial asset in question. Financial assets are not removed from the accounts until either the right to cash flows from a financial asset expires or such rights are transferred to a third party. In the event of a transfer, the criteria of IAS 39 regarding the transfer of risks and potential rewards associated with the ownership of the financial asset, in particular, must be fulfilled.

When first recorded, financial assets are measured at fair value. The fair values shown in the statement of financial position generally correspond to the market prices of the financial assets. If these prices cannot be ascertained directly, they are calculated using acknowledged valuation methods and with recourse to current market parameters. For their subsequent valuations, the financial assets are classified in the following categories: 'financial assets at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale financial assets' and 'loans and receivables'. All of the financial assets for which there have been purchases and sales customary on the market are accounted for as of their settlement date.

Cash and cash equivalents encompass cash on hand and bank balances which have a residual term of three or fewer months at the time of their acquisition or investment. The liquid funds are measured at fair value. Credit balances in foreign currencies are measured at the exchange rate prevailing on the reporting date.

Securities are, in accordance with IAS 39, categorised as either 'available for sale', held to maturity' or 'held for trading'. The securities categorised as 'available for sale' are measured at fair value when being valued for the first time and subsequently as of the reporting date. Any change in the fair value taking account of deferred taxes is shown under equity in revenue reserves with no effect on income until its realisation at the time of sale. If there are any objective, substantial indications that a permanent impairment has taken place, the impairment costs are recorded in profit and loss. Amounts already recorded under equity are removed from equity with effect on income. Securities categorised as 'held to maturity' are measured at fair value upon acquisition and at amortised cost in subsequent valuations. The 'financial assets held for trading' are measured at fair value. Any gain or loss resulting from the subsequent valuation is posted through profit or loss in the statement of income.

The **trade receivables** (invoiced) and **other financial receivables,** apart from derivative financial instruments, shown primarily comprise receivables and loans originated by the company. They are categorised accordingly as 'loans and receivables' and are measured at fair value upon acquisition and at amortised cost in subsequent valuations. If the net present value of the expected future cash flows from the receivables or the other assets is lower than the amortised cost as of the reporting date, a valuation allowance is carried out with effect on income. Receivables bearing low or zero interest with terms of more than one year are discounted.

When they are first recorded, **financial investments** are accounted for at fair value and categorised as 'available for sale'. In their subsequent valuation, these must therefore be shown at face value, with unrealised gains and losses being recorded separately under equity, taking account of deferred taxes, with no effect on income until their realisation. If the financial investments are in equity instruments for which no prices are listed on an active market and no fair value can be determined reliably, they are measured at acquisition cost. If there are any objective indications that the net present value of the estimated cash flows is lower than the carrying amount, valuation allowances are carried out with effect on income.

The COR&FJA Group has not yet utilised the possibility of **designating financial assets as measured at fair value through profit or loss when they are shown for the first time.**

As of every reporting date, the carrying amounts of those financial assets which are not to be measured at fair value through profit or loss are examined for the existence of any objective, substantial indications (such as substantial financial difficulties faced by the debtor, high probability of insolvency proceedings being instituted against the debtor, the lapsing of an active market for the financial asset, a lasting decrease in the financial asset's fair value on the basis of amortised cost) of **impairment**. Any impairment costs comprising a fair value which is lower than the carrying amount is recorded through profit and loss. If it emerges as of subsequent valuation dates that the fair value has objectively increased as a consequence of events which took place after the impairment was recorded, the impairments are reversed through profit and loss in the appropriate amounts. Impairments in the fair values of available-for-sale financial assets are recorded under equity with no effect on income until their realisation. Impairments which affect non-listed equity instruments which are available for sale and are accounted for at acquisition cost may not be reversed. The fair values of held-to-maturity securities which must be tested for impairment during the audit, as well as the fair values of the loans and receivables measured at amortised cost, correspond to the net present value of the estimated future cash flows discounted at the original effective interest rate. The fair value of non-listed equity instruments measured at cost is calculated as the net present value of the expected future cash flow, discounted at the current interest rate which corresponds to the specific risk position of the investment.

The **inventories (work in progress)** recorded comprise the performances rendered for customers for which there are still no contractual foundations, but at least a letter of intent with the customer. The inventories are shown at the lower of production costs or the net realisable value both when recorded for the first time and for subsequent valuation.

If **goodwill** is capitalised, it was amortised using the straight-line method over its likely useful life up to 31 December 2004. Scheduled amortisation of goodwill has not been carried out since the 2005 fiscal year. Instead, it is subjected to an annual impairment test in accordance with IAS 36 and, if necessary, amortised at the lower realisable amount.

Intangible assets acquired in return for payment are shown at acquisition cost upon their acquisition if it is probable that a future economic benefit will accrue to the COR&FJA Group from the intangible assets and the acquisition costs can be determined reliably. In the subsequent periods, the assets are measured at amortised cost, with scheduled amortisation being carried out using the straight-line method over the assets' estimated useful lives. The Group has no intangible assets acquired in return for payment with indefinite useful lives.

Development costs for new or substantially improved products are capitalised at production cost if a clear expense allocation is possible and both the technical feasibility and the ability and intention to market such products are ensured. It must be sufficiently probable that the development activity will bring the company a future economic benefit. The capitalised production costs encompass those costs which are directly attributable to the development process. Capitalised development expenses are amortised regularly using the straight-line method as from the time the software becomes usable over a useful life which corresponds to the planned product life cycle. Development projects which are not yet completed and activated are subjected to an annual impairment test. Research costs, and development costs not eligible for capitalisation, are posted to expenses within personnel and other operational expenses when they arise.

Property, plant and equipment are capitalised at acquisition or production cost, plus the ancillary costs which are necessary to make the asset ready for operation. The scheduled depreciation is carried out using the straight-line method in accordance with the probable useful life. No use is made of the option to apply the revaluation method. Costs of ongoing maintenance and repairs are posted to expenses. Expenses which fulfil the conditions of IAS 16.13 and the reporting criteria of IAS 16.7 are capitalised at the carrying amount of the property, plant and equipment in question and depreciated over the assets' probable useful lives. The replaced items are removed from the accounts. Borrowing costs are not included in the acquisition or production costs.

The Group has no **investment property** as defined by IAS 40.

Lease agreements are classified as **finance leases** if all the risks and potential rewards associated with ownership are basically transferred to the lessee as a result of the lease terms. All other leases are classified as **operating leases**.

With finance leases, the ongoing lease instalments are divided up into an interest component and a redemption component. The redemption component reduces the lease amount owed. With operating leases, the payable lease instalments are recorded as expenses at the time when they come into being. Instalments of unequal amounts are carried as deferred items using the straight-line method.

The scheduled **amortisation and depreciation** of intangible assets and property, plant and equipment respectively are based on the following uniform useful lives in the Group:

	Useful life in years
Other intangible assets:	
Development costs	3
Trademark rights	10
Other	2 to 5
Property, plant and equipment:	
Buildings on third-party land	10
Hardware and software	3 to 4
Factory and office equipment	4 to 15

Impairment of non-current assets
Intangible assets and goodwill which have indeterminate useful lives are not amortised regularly; instead, they are tested annually to establish whether impairment is required.

Assets which are subjected to scheduled depreciation or amortisation are tested for impairment if relevant events or changes in circumstances indicate that the carrying amount might not be realisable any longer. An impairment loss is recorded in the amount by which the carrying amount exceeds the realisable amount. The realisable amount is the higher of the asset's fair value less selling costs and the value in use. For the impairment test, assets are combined at the lowest level for which the cash flows can be identified separately (cash generating units).

The depreciation, amortisation and impairment of property, plant and equipment and intangible assets are recorded in the statement of income under 'depreciation of property, plant and equipment and amortisation of intangible assets'.

The **deferred tax assets** and **deferred tax liabilities** are determined in accordance with the balance sheet liability method. Deferred tax assets and deferred tax liabilities are generally recorded in the financial statements for all temporary value differences between the carrying amount of an asset or a debt, and the fair value for tax purposes.

Deferred tax assets on loss carryforwards must be set up to the extent that the tax loss carryforwards are likely to be utilisable in the future. Accordingly, deferred tax assets were stated for tax losses, taking their realisability into account. The deferred taxes are determined on the basis of the tax rates which apply or are expected as per the current legal position in the individual countries at the time of realisation. The impact of changes in tax rates on deferred taxes will be posted through profit and loss when the change in the law comes into force.

Non-current assets available for sale and so-called disposal groups are measured at the lower of carrying amount and fair value less selling costs.

Financial liabilities encompass the financial debts, trade payables and other financial liabilities. A financial liability is stated in the statement of financial position only if the COR&FJA Group is a contracting party in the rules for the financial liability. A financial liability is removed from the accounts if it has been redeemed, in other words when the obligations specified in the contract have been settled or cancelled or have expired.

The methods and material assumptions for determining the fair value of financial liabilities are as follows: the financial liabilities are accounted for at the fair value on the acquisition date, which corresponds to the sum of money received.

Financial debts are recorded for the first time at their fair value. In subsequent years, they are measured at amortised cost using the effective interest method.

Trade payables and **other financial liabilities** are accounted for at their fair value when recorded for the first time. In subsequent years, all liabilities, with the exception of derivative financial instruments, are measured at amortised cost.

In respect of financial liabilities, the Group has not yet made use of the option to designate them as **financial liabilities at fair value through profit or loss** when they are recorded in the statement of financial position for the first time.

COR&FJA AG uses **derivative financial instruments** for hedging the interest and exchange rate fluctuations that result from financial transactions. Derivative financial instruments are neither held nor issued for speculative purposes. The derivative financial instruments are shown at fair value when recorded for the first time. The current market values are also relevant for the subsequent valuation. The fair value of traded derivative financial instruments corresponds to their market value. This value can be positive or negative. For the recording of changes in fair values – with effect on income in the statement of income or with no effect on income under equity – the crucial factor is whether or not the derivative financial instrument is integrated into an effective hedging relationship in accordance with IAS 39. If there is no hedge accounting, the changes in the fair values of the derivative financial instruments must be recorded through profit and loss immediately. If, however, there is a hedging relationship in accordance with IAS 39, the collateralisation relationship is accounted for as such.

The **other provisions** take account of all discernible risks and uncertain obligations in the extent to which they are likely to occur. The amounts stated constitute the best possible estimations of expenses which are necessary to fulfil the current obligation as of the reporting date. Non-current provisions are discounted if the interest rate effect is significant.

Pension provisions are calculated using the projected unit credit method in accordance with IAS 19. In this procedure, not only the pensions and accrued entitlements which are known on the reporting date, but also the expected future increases in pensions, wages and salaries are taken into account with prudent estimates of the relevant influencing factors. The calculation is carried out on the basis of actuarial reports taking biometric assumptions into account. Actuarial gains and losses arising from experience-based adjustments and alterations of actuarial assumptions are recorded immediately under equity with no effect on income in the period when they arise.

The preparation of the consolidated financial statements in compliance with the IASB regulations necessitates the application of **estimates** and forward-looking **assumptions** which influence the amounts and the reporting of the assets and liabilities recorded in the statement of financial position, the contingent liabilities disclosed as of the reporting date, and the income and expenses accounted for during the reporting period. The forward-looking assumptions and estimates relate primarily to the recognition of turnover on the basis of performance progress (percentage-of-completion method; POC), the uniform setting of useful economic lives throughout the Group, the accounting and valuation of provisions and the planning and valuation premises that form the basis of the impairment tests. Although these estimates are founded on the ongoing transactions to the best of the company's knowledge, the actual values can ultimately diverge from these estimates. The actual amounts can diverge from the assumptions and estimates made in particular cases. Changes are made with effect on income as of the time when knowledge improves, or in the period when knowledge improves, and in the future periods.

The most important forward-looking assumptions, as well as the other significant sources of estimation uncertainty as of the reporting date, as a result of which an appreciable risk can come into being, thereby necessitating a major adjustment of the recorded assets and liabilities during the next fiscal year, are presented in section XI. 'Assumptions and estimates'.

III. CONSOLIDATED GROUP

1. Subsidiaries

Subsidiaries for which COR&FJA AG is directly or indirectly entitled to a majority of the voting rights are included in the consolidated financial statements. Inclusion in the consolidated financial statements commences when the possibility of control is acquired and comes to an end when this possibility no longer exists.

As per 31 December 2009, the following companies were fully consolidated in the Group headed by COR&FJA AG as parent company:

Company	Shareholding (%)	Abbreviations
COR&FJA Deutschland GmbH (previously: FJA Feilmeier & Junker GmbH), Munich (Germany) [1]	100	(COR&FJA Germany)
with the subsidiary FJA-US, Inc., New York (USA)	100	(FJA-US)
COR&FJA Schweiz AG (previously: FJA Feilmeier & Junker AG), Zurich (Switzerland)	100	(COR&FJA Switzerland)
COR&FJA Austria Ges.m.b.H. previously: FJA Feilmeier & Junker Ges.m.b.H.), Vienna (Austria)	100	(COR&FJA Austria)
COR&FJA OdaTeam d.o.o. (previously: FJA OdaTeam d.o.o.), Maribor (Slovenia)	100	(COR&FJA OdaTeam)
FJA bAV Service GmbH, Munich (Germany)	100	(FJA bAV Service)
PYLON GmbH, Hamburg (Germany)	100	(PYLON)
Sigma Sourcing AG, Baar (Switzerland)	60	(Sigma)
COR&FJA Systems GmbH (previously: COR Deutschland GmbH), Leinfelden-Echterdingen (Germany) [2] [5]	100	(COR&FJA Systems)
with the subsidiary COR Pension Management GmbH, Leinfelden-Echterdingen (Germany) [4] [5]	100	(COR Pension)
with the subsidiary COR&FJA Slovakia s.r.o. (previously: COR Slovakia s.r.o.), Bratislava (Slovakia) [3] [5]	100	(COR&FJA Slovakia)
COR Insurance and Risk Management GmbH, Leinfelden-Echterdingen (Germany) [2] [5]	100	(COR Insurance)
COR Infexpert AG, Frenkendorf (Switzerland) [5]	100	(COR Infexpert)
COR bAV Services GmbH, Leinfelden-Echterdingen (Germany) [5]	66.8	(COR bAV)
COR&FJA application service providing GmbH (previously: COR application service providing GmbH), Cologne (Germany) [5]	100	(COR&FJA application)
COR&FJA Alldata Systems GmbH (previously: COR Alldata Systems GmbH), Leinfelden-Echterdingen (Germany) [5]	74.9	(COR&FJA Alldata)
COR&FJA Benelux B.V. (previously: COR International Insurance Technologies B.V.), ’s-Hertogenbosch (Netherlands) [5]	100	(COR&FJA Netherlands)

[1] The parent company made a loss assumption declaration vis-à-vis COR&FJA Deutschland GmbH and disclosed it.

[2] There is a profit and loss transfer agreement with COR Insurance and Risk Management GmbH, Leinfelden-Echterdingen, and COR&FJA Systems GmbH, Leinfelden-Echterdingen, according to which the company must also assume losses.

[3] The participating interests in question are indirect. The shares are held by COR&FJA Systems GmbH, Leinfelden-Echterdingen.

[4] 40% of the shares are held indirectly via COR&FJA Systems GmbH, Leinfelden-Echterdingen.

[5] Companies that became part of the consolidation group as a result of the acquisition of COR AG.

The subsidiaries COR&FJA Deutschland GmbH, Munich, and COR&FJA Systems GmbH, Leinfelden-Echterdingen, have made use of the possibility of exemption from the duty to prepare annual financial statements in accordance with the regulations valid for limited liability companies as per Section 264, Subsection 3, HGB. for the fiscal year 2009.

As of the previous year's reporting date, the following companies were fully consolidated in the group headed by FJA AG as parent company:

Company	Shareholding (%)	Abbreviations
FJA Feilmeier & Junker GmbH, Munich (Germany)	100	(FJA Germany)
with the subsidiary FJA-US, Inc., New York (USA)	100	(FJA-US)
FJA Feilmeier & Junker AG, Zurich (Switzerland)	100	(FJA Switzerland)
FJA Feilmeier & Junker Ges.m.b.H., Vienna (Austria)	100	(FJA Austria)
FJA Akademie GmbH, Munich (Deutschland) (until 29.02.2008)	100	(FJA Akademie)
FJA OdaTeam d.o.o., Maribor (Slovenia)	100	(FJA OdaTeam)
FJA bAV Service GmbH, Munich (Germany)	100	(FJA bAV Service)
PYLON GmbH, Hamburg (Germany)	100	(PYLON)

At all of the subsidiaries, the reporting date corresponds to the Group's reporting date.

The following changes in the consolidated group occurred after the reporting date:

Effective from 15 March 2010, COR&FJA AG repurchased a further 25.1% of the shares in COR&FJA Alldata Systems GmbH, Leinfelden-Echterdingen, from Bankhaus Sal. Oppenheim jr. & Cie. S.C.A., Luxembourg/Luxembourg. The purchase price of EUR 1,255,000 was paid in cash. This means that COR&FJA AG now has a 100% shareholding in COR&FJA Alldata Systems GmbH.

The repurchase is based on a put/call agreement concluded in 2008 with msg systems AG, which had directly concluded a further put/call agreement with the minority shareholder Sal. Oppenheim jr. & Cie. S.C.A., Luxembourg (Luxembourg), within the framework of the acquisition of a 100% shareholding in COR&FJA Alldata Systems and the subsequent resale of 25.1% of the shares to Sal. Oppenheim jr. & Cie. S.C.A., Luxembourg (Luxembourg). Since COR&FJA AG has already assessed the exercise of the two put/call options with effect from 31 December 2010 at the latest as highly probable, COR&FJA Alldata Systems is being fully consolidated in the Group in the 2009 financial statements with no disclosure of any minority shareholdings. Compare the explanations on the subject of the purchase price liability under VIII. Explanations on the statement of financial position, 19. Other financial liabilities.

Effective from 28 January 2010, COR&FJA AG acquired a further 40% of the shares in Sigma Sourcing AG, Baar (Switzerland). The purchase price of CHF 1 was paid in cash. As of the acquisition date, Sigma Sourcing AG had equity of CHF 64,000 (equivalent to EUR 43,000) and in the 2009 fiscal year it generated turnover of EUR 31,000 and a loss of EUR 24,000. As Sigma Sourcing has already been fully consolidated, the amounts of the assets and debts classified according to main groups do not have to be disclosed separately. The impact on the assets, financial and earnings position is as follows: the acquisition of shares is presented as a transaction with the minority shareholders, in other words a shift within equity between the various shareholder groups.

2. Associated companies

Associated companies in which COR&FJA AG is directly or indirectly entitled to between 20% and 50% of the voting rights are recorded in the consolidated financial statements using the equity method.

As of 31 December 2009, COR&FJA AG holds 25% plus one share in H.C.M. Capital Management AG, Munich. This participating interest was included as an associated company in the consolidated financial statements in accordance with the equity method. Cf. the explanations under 'VIII. Explanations on the statement of financial position, 11. Financial investments'.

As of the previous year's reporting date, no company was recorded using the equity method.

IV. BUSINESS COMBINATIONS

1. Acquisition of COR AG

Effective as from 19 October 2009, COR AG Financial Technologies, Leinfelden-Echterdingen, Germany, was merged into COR&FJA AG (formerly: FJA AG, Munich). The intention is to make COR&FJA AG one of the leading standard software companies in the entire European financial services sector.

The acquisition costs incurred in the merger amounted to EUR 44,505,000. The acquisition costs consist of the acquisition costs in the narrower sense and the incidental acquisition costs. The acquisition costs in the narrower sense are determined by valuing the shares issued by the acquiring company COR&FJA AG (formerly FJA AG) as of the acquisition date (19 October 2009) at their fair value (stock market price of FJA AG share: EUR 2.17). In accordance with the exchange ratio established in the merger agreement, the COR AG shareholders received 25 no-par-value shares in FJA AG for 14 no-par-value shares in COR AG. This means that FJA AG transferred 21,513,100 no-par-value shares to COR AG's shareholders. The fair value of the transferred consideration first amounted to EUR 46,683,000. The acquired assets and liabilities of COR AG, however, included 1,267,912 FJA AG shares. In this respect there was a pre-existing relationship; commercially, from FJA AG's point of view, the merger involved a repurchase of treasury shares. Accordingly, the acquisition costs must be reduced by the proportion accounted for by the repurchase of the FJA AG shares (EUR 2,751,000). The acquisition costs in the narrower sense which are to be considered in accordance with the purchase method therefore amount to EUR 43,932,000. In this case, the acquisition costs total EUR 572,000. All in all, the acquisition costs of the merger consequently amount to EUR 44,505,000.

	000 EUR
Shares issued (21,513,100) measured at fair value (stock market price: EUR 2.17)	46,683
Repurchase of treasury shares	-2,751
Incidental acquisition costs	573
Acquisition costs	**44,505**

The purchase price was paid for the acquired assets and liabilities of COR AG recorded as of the acquisition date, not as of 19 October 2009, but rather, for the sake of simplification and taking account of materiality and cost-benefit factors on the basis of COR AG's consolidated statement of financial position, as of 31 October 2009:

	Stated upon acquisition (provisional)	Book value
	000 EUR	000 EUR
Software	9,638	0
Contract portfolio	3,345	0
Customer relationship	1,988	0
Intangible assets	681	15,607
Property, plant and equipment	1,431	1,431
Other investments	4,095	6,758
Deferred taxes	1,976	1,976
PoC receivables	6,561	6,561
Trade receivables	8,517	8,517
Receivables from affiliated companies	170	170
Financial assets	279	279
Income tax refund claims	664	664
Other assets	845	845
Cash and cash equivalents	5,896	5,896
Convertible bonds	14	14
Pension provisions	4,304	4,304
Deferred tax liability	4,885	2,028
Financial liabilities	1,187	1,187
Income tax obligations	1,236	1,236
Other current provisions	535	535
PoC liabilities	197	197
Trade payables	1,058	1,058
Financial liabilities	3,000	3,000
Amounts owed to affiliated companies	142	142
Other current liabilities	6,049	6,049
Fair value of net assets	**23,479**	**28,953**
Goodwill from the acquisition	21,026	
Acquisition cost of the merger	**44,505**	

The COR Group, Leinfelden-Echterdingen, generated turnover of EUR 12.4 million and earnings of EUR 1.8 million in the two months following the acquisition date. If the merger had been carried out at the beginning of the year, its contribution to turnover would have been EUR 61.8 million and its contribution to earnings EUR –2.7 million. Tax expenses of EUR –2.6 million are included in the earnings. These result primarily from the removal from the accounts of deferred tax assets on loss carryforwards from the years up to 2008 which were eliminated by the merger of COR AG with FJA AG. Their EBIT contribution would have been EUR 0.6 million.

The goodwill totalling EUR 21,026,000 which the merger produced resulted mainly from the positive future prospects revealed by the plans submitted upon the purchase of COR AG. The necessary allocation of the goodwill totalling EUR 21,026,000 to a cash generating unit has not yet been carried out because the future weighting and definition of COR&FJA AG's segments will be done in 2010. The recoverability of the goodwill can therefore not be examined until it has been allocated to a cash generating unit.

2. Establishment and acquisition of Sigma Sourcing AG

Pursuant to the memorandum of association dated 17 February 2009, COR&FJA AG established Sigma Sourcing AG, Baar (Switzerland), together with two other shareholders (entered in the canton of Zug's commercial register on 2 March 2009). COR&FJA AG holds 40% of the shares in the company and provided 40% of the initial capital, i.e. CHF 40,000 (or around EUR 30,000). COR&FJA AG has concluded a pooling agreement with another shareholder which holds 20% of the company's shares, as a result of which control over the company as defined by IAS 27 can be exercised. Sigma Sourcing AG is therefore being fully consolidated as a subsidiary of COR&FJA AG as from its establishment.

Effective as from 17 August 2009, a further 20% of the shares were purchased from the shareholder with whom the pooling agreement was concluded. The purchase price of CHF 20,000 (or approximately EUR 13,000) was paid in cash. Since being established, Sigma Sourcing AG has generated turnover of EUR 61,000 and a loss of EUR 24,000.

As Sigma Sourcing has already been fully consolidated, the amounts of the assets and debts classified according to main groups assets and liabilities do not have to be disclosed separately. The impact on the assets, financial and earnings position is as follows: the acquisition of shares is presented as a transaction with the non-controlling interests, in other words as a shift within equity between the various shareholder groups.

V. CURRENCY CONVERSION

The foreign currency translation is carried out in accordance with IAS 21. The functional currency is the currency of a business enterprise's primary commercial environment. It is always that currency which influences performance and costs most strongly. The functional currency is determined for each business enterprise within the Group. As the Group companies run their business operations autonomously, the functional currency is generally identical to that of the respective company's national currency.

Currency translation is basically carried out in two stages. Transactions in foreign currencies, or assets and liabilities in foreign currencies which result from those, are translated into the functional currency of the business operations in question. The exchange rates at the time of the transaction or valuation are authoritative; they are therefore translated at historical exchange rates (temporal method). If the functional currency of the business operations diverges from the reporting currency (EUR), all of the assets (including goodwill resulting from consolidation) and debts are translated at the average rates on the reporting date and the items in the statement of income are translated at the average rates for the year (modified current rate method). Currency differences arising from the translation of the net assets at rates different from the previous year are not posted to profit or loss.

The exchange rates on which the currency translation is based have changed as follows in relation to one euro:

	Average rate on balance sheet date		Average rate for the year	
	31.12.2009	**31.12.2008**	**2009**	**2008**
	EUR	EUR	EUR	EUR
1 USD	0.6977	0.7185	0.6846	0.6800
1 CHF	0.6723	0.6043	0.6655	0.6087

The COR&FJA Group has no business operations in a hyperinflationary country. IAS 29 is therefore not applicable.

In connection with the goodwill that resulted from those subsidiaries acquired before 1 January 2005 and adjustments of the carrying amounts of the assets and debts to their fair value, translation is carried out at the exchange rate prevailing as of the date of acquisition. In the case of subsidiaries acquired after 1 January 2005, the resultant goodwill and adjustments of the carrying amounts of the assets and debts to their fair value are translated at the exchange rate prevailing as of the balance sheet date.

VI. SEGMENTAL REPORTING

COR&FJA AG is a leading consulting and software company for the insurance and retirement pensions market in Europe. Its software solutions give support to insurance companies, banks and company pension institutions in the conceptual planning, realisation and administration of their products.

Today, around half of all German life assurance companies, as well as renowned health and non-life insurers, put their faith in solutions from COR&FJA. The software is now used in 30 countries on five continents around the world, including the US, Australia and numerous Eastern European countries.

As a sector-based service provider for the insurance, banks and pensions sector, the COR&FJA Group offers a full range of state-of-the-art prospective solutions in the form of consulting, services and products. These prospective solutions address the areas of policy management including actuarial mathematics, migration and across-the-board processes, sales processes and management consulting. Consulting and services on the one hand, and the product spectrum on the other complement one another with mutual benefits for the sector-based service provider's business model. The products are standard software products which are fit for release and have been launched on the market under the brand name COR&FJA.

As well as its headquarters in Leinfelden-Echterdingen, the company is represented in Germany by its sites in Munich, Hamburg, Cologne, Frankfurt, Düsseldorf, Kiel and Stuttgart. It also has subsidiaries in Germany (Leinfelden-Echterdingen, Munich, Hamburg and Cologne), Switzerland (Zurich, Frenkendorf and Baar), Austria (Vienna), the Netherlands (Amsterdam until 1 April 2010 and 's-Hertogenbosch), the US (New York and Denver), Slovakia (Bratislava and Košice) and Slovenia (Maribor). The segments are unchanged compared with the previous year.

In November 2006, the IASB adopted IFRS 8 ('Operating Segments'). IFRS 8 replaces IAS 14 ('Segment Reporting') and must be applied for reporting periods which begin on or after 1 January 2009. COR&FJA decided to apply IFRS 8 prematurely for the financial year which ended as of 31 December 2008. According to IFRS 8, the identification of operating segments subject to reporting requirements is based on the 'management approach'. When this approach is applied, external segment reporting is carried out on the basis of a group's internal organisational and management structure and its internal financial reporting to the most senior management body. In the Group headed by COR&FJA AG, the COR&FJA AG Board of Management is responsible for measuring and controlling the business results of the segments and is held to be the most senior management body as defined by IFRS 8.

As the segments in the COR&FJA Group had comparable commercial characteristics until the merger of COR AG Financial Technologies with FJA AG and are also comparable in the following respects:

- the nature of products and services,
- type of production process,
- types or categories of customers,
- distribution channels and
- the nature of regulatory environment

and in view of the fact that COR AG Financial Technologies was consolidated for only two months in the reporting year, the COR&FJA Group had only one segment subject to reporting requirements in the reporting year. Based on the criteria according to the 10% test (i.e. a segment must be presented in its own right if at least one of the three criteria – revenues, segment earnings or segment assets amount to at least 10% of the aggregate assets of all the segments – is fulfilled), there is only one segment that needs to be reported.

From the 2010 financial year onwards, the life assurance, non-life insurance and banking segments will be presented as such.

For that reason, only disclosures about products and services, geographical areas and important customers have to be made below in the reporting year.

1. Disclosures about products and services

Turnover from external customers is classified by products and services as follows:

	2009 000 EUR	2008 000 EUR
Services	50,036	50,875
Licences	8,979	6,202
Maintenance	8,914	5,242
Other income	473	1,307
Group turnover	**68,402**	**63,626**

2. Disclosures about geographical areas

Turnover from external customers by country is recorded on the basis of the respective COR&FJA Group company that managed the transaction and is classified as follows:

	2009 000 EUR	2008 000 EUR
Germany	51,197	44,274
Austria	66	126
Switzerland	5,802	5,607
Benelux	100	0
USA	9,882	12,436
Slovenia	1,355	1,183
Total	**68,402**	**63,626**

Non-current assets, consisting of goodwill, other intangible assets, property, plant and equipment and other claims, are comprised as follows:

	2009 000 EUR	2008 000 EUR
Germany	45,781	7,728
Austria	43	59
Switzerland	86	67
Benelux	15	0
Slovakia	221	0
USA	65	122
Slovenia	34	30
Total	**46,245**	**8,006**

3. Disclosures about important customers

In the financial year ended, the COR&FJA Group had a customer (previous year: two customers) whose turnover was at least 10% of aggregate turnover. The total income provided by this customer for 2009 amounted to EUR 6.2 million, while the turnover volume generated by the two customers in 2008 amounted to EUR 7.3 million and EUR 6.7 million respectively.

VII. NOTES TO THE PROFIT AND LOSS ACCOUNT

1. Turnover

The turnover includes invoiced revenues for licences, services, maintenance services, cost reimbursements and reductions in earnings. It also includes turnover from chargeable services which are shown as receivables not yet invoiced or advance payments received using the percentage-of-completion method (PoC). All in all, EUR 8,854,000 (previous year: EUR 7,749,000) was realised using the PoC method in 2009.

Projects measured using the PoC method had the following income and expenses components as of the reporting date:

	2009 000 EUR	2008 000 EUR
Turnover recognition (PoC) in the financial year	4,912	1,155
Recorded expenses in the financial year	3,273	989
Reported profit in the financial year	1,639	166

2. Capitalised own services for development

In the 2009 financial year, own work for developments was capitalised through profit and loss in the amount of EUR 422,000 (previous year: EUR 402,000). In the reporting year, this included development work within the framework of product development for the COR.FJA Insurance Suite. In the 2007 financial year and the first half of 2008, it concerned expenses incurred with the product COR.FJA SymAss II, which was then fully integrated into the COR.FJA Insurance Suite in the 2008 financial year.

The own work for developments was capitalised in accordance with IAS 38 at production costs. All the necessary criteria and evidence stipulated by IAS 38 (Paragraph 57 ff) have been fulfilled for these services. The product development for the Insurance Platform (IPL) is a redevelopment of a software product which is significantly different from the preceding version.

3. Cost of purchased services

	2009 000 EUR	2008 000 EUR
Freelance employees	3,428	2,019
Purchased goods for resale and similar services	710	0
Other	0	3
Total	**4,138**	**2,022**

The cost of purchased services primarily encompasses the cost of freelance employees.

4. Personnel expenses

	2009 000 EUR	2008 000 EUR
Wages and salaries	43,846	36,493
Social security	6,251	5,018
Personnel expenses excluding pensions	50,097	41,511
Pension expenses	632	666
Total	**50,729**	**42,177**

Social security contributions comprise, in particular, the employers' contribution to social insurance and contributions to the employers' liability insurance association. The employers' contribution to the statutory pension scheme amounted to EUR 2,560,000 (previous year: EUR 2,159,000) in the reporting period.

Pension expenses primarily comprise the allocations to pension provisions and other old-age benefit systems.

5. Other operating income

	2009 000 EUR	2008 000 EUR
Income from the reversal of other provisions and other liabilities	498	652
Use of company cars	130	65
Rental income	644	650
Income from compensation	2,450	0
Other	366	353
Total	**4,088**	**1,720**

The income from compensation amounting to EUR 2,450,000 relates to the cancellation of a long-term service contract that had been concluded with a Dutch customer. On this subject, cf. the explanations under 'VIII. Notes on the statement of financial position, 7. Other financial claims'.

The item 'Other' consists primarily of income relating to other periods, the settlement of payments in kind and insurance compensation.

6. Other operating expenses

	2009 000 EUR	2008 000 EUR
Consulting, accounting, Supervisory Board	1,767	1,912
Ongoing training	400	222
Staff recruitment	47	341
Costs of business premises	5,522	5,195
Advertising expenses	807	719
Travel expenses	2,382	2,469
Motor vehicle costs	260	175
Communication expenses	565	557
IT expenses	638	423
Project costs	236	34
Valuation allowances for accounts receivable	5	18
Exchange losses	17	0
Lease costs	650	1,114
Bad debt losses	1,016	0
Other	808	811
Total	**15,120**	**13,990**

The item ‘Other’ consists mainly of expenditure on insurance policies, fees, premiums, magazines, donations and office supplies.

The fees incurred for auditing services in the 2009 financial year and the previous year amounted to:

	2009 000 EUR	2008 000 EUR
Audits of financial statements (including outlays)	235	183
Other certification and valuation services	81	0
Tax consulting services	6	1
Other services	127	116
Total	**449**	**300**

7. Depreciation of property, plant and equipment and amortisation of intangible assets

	2009 000 EUR	2008 000 EUR
Depreciation of property, plant and equipment and amortisation of intangible assets	1,454	839
Impairment costs of intangible assets	0	0
Total	**1,454**	**839**

8. Net interest result

	2009 000 EUR	2008 000 EUR
Interest income	240	662
Interest expenses	-514	-658
Net interest result	**-274**	**4**
Of which from financial instruments in the valuation categories:		
Loans and receivables	-34	548
Financial assets held for sale	0	0
Financial liabilities measured at amortised cost	0	0
Hire-purchase liabilities	-264	-379

The net interest income relates to the interest on cash and cash equivalents, income from the discounting of non-current trade receivables, income from the accrual of additional interest on current income tax claims and refund interest vis-à-vis the tax authorities.

There are no net interest income and expenses in the valuation categories 'Held-to-maturity investments', 'Assets measured at fair value through profit and loss' and 'Liabilities measured at fair value directly through profit and loss'.

9. Income from participating interests

The income from participating interests relates to profit distribution by innovas GmbH amounting to EUR 163,000 (previous year: EUR 0).

10. Taxes on income and revenues

The tax expenses arise from the components listed below:

	2009 000 EUR	2008 000 EUR
Current income tax expenses Germany	-146	-660
Other countries	-661	-532
Total current income taxes	**-807**	**-1,192**
Deferred taxes from temporary differences	294	-276
Deferred taxes on tax loss carryforwards	-43	-712
Total deferred income taxes (income)	**251**	**-988**
Total	**-556**	**-2,180**

The actual tax expenses included income amounting to EUR 28,000 (previous year: EUR 373,000) which relates to the previous periods.

As a result of the restructuring measures carried out in 2008 and 2009, there was a partial change of shareholders at COR&FJA AG. This led to the partial elimination of the domestic loss carryforwards that had existed within the Group. The loss carryforwards of the former FJA AG have been eliminated completely. On the basis of an expert opinion, the company is assuming that the other loss carryforwards that existed as of 31 December 2008 were reduced by 31.41% pursuant to Section 8c, German Corporate Tax Act (KStG). The current domestic losses from 2009, on the other hand, can be carried forward without restrictions from a current point of view. There is a certain risk, however, that the domestic loss carryforwards will be eliminated completely in the future as the result of a further-reaching change of shareholders.

As of 31 December 2009, the COR&FJA Group had unutilised corporate tax loss carryforwards amounting to EUR 71,226,000 (previous year: EUR 100,278,000) and trade tax loss carryforwards amounting toEUR 60,225,000 (previous year: EUR 99,368,000) for which deferred tax assets were formed to the extent that their realisability was guaranteed with a sufficient degree of certainty. All in all, deferred tax assets were formed for corporate tax loss carryforwards amounting to EUR 13,669,000 (previous year: EUR 9,440,000) and trade tax loss carryforwards amounting to EUR 13,718,000 (previous year: EUR 9,440,000).

The loss carryforwards with no time limit on their utilisation amount to EUR 61,562,000 (previous year: EUR 91,239,000) for corporate income tax and to EUR 60,225,000 (previous year: EUR 90,329,000) for trade tax. The loss carryforwards with limits on their utilisation can, from a time perspective, be utilised for the last time in the subsequent years.

	2011	2012	2013	2016 and later
	000 EUR	000 EUR	000 EUR	000 EUR
Loss carryforwards	6,721	1,053	1,249	675

The non-reporting of the deferred tax assets on current losses in the financial year had the effect of reducing earnings by EUR 1,490,000 (previous year: EUR 0).

The actual tax expenses were reduced by EUR 581,000 (previous year: EUR 216,000) thanks to the utilisation of tax loss carryforwards that were not yet activated and resulted from previous years.

Deferred tax income amounting to EUR 880,000 (previous year: EUR 410,000) results from the reporting of deferred tax claims on loss carryforwards from previous periods that were previously not covered by deferred tax.

The aforementioned effects are contained in the following reconciliation statement under ‘Effects of tax losses’.

The reported tax expenses of EUR 556,000 (previous year: EUR 2,180,000) in the 2009 financial year is EUR 106,000 (previous year: EUR 162,000) higher than the expected tax expenses of EUR 450,000 (previous year: EUR 2,018,000).

In the following reconciliation statement for the Group, the individual company-specific reconciliation statements are condensed taking account of consolidation measures. In the process, the expected tax expenses are reconciled with the effectively reported tax expenses.

The tax rate of 30% applied in the reconciliation statement reflects the domestic tax rate of 15.83% for corporate income tax and solidarity surcharge and of 14.17% for trade tax that have applied since 2008.

	2009	2008
	000 EUR	000 EUR
Earnings before income taxes	1,498	6,728
Tax rate	30%	30%
Expected income taxes	**-450**	**-2,018**
Tax effects with regard to:		
Difference in tax rates	-185	-301
Changes in tax rates	-38	2
Tax-free income and tax additions and deductions	105	-738
Effect of tax losses	-22	1,342
Taxes for previous years	42	-448
Consolidation effects		
Other	-8	-19
Effective income taxes	**-556**	**-2,180**

On this subject, cf. the explanations under ‘VIII. 12. Deferred tax claims’.

The expected tax rate of 30% (previous year: 30%) results from the application of the German corporate tax rate of 15% (previous year: 15%) plus the solidarity surcharge of 5.5% (previous year: 5.5%) and the German trade tax with an assessment rate of 405%.

VIII. NOTES TO THE BALANCE SHEET

1. Cash and cash equivalents

	31.12.2009 000 EUR	31.12.2008 000 EUR
Other collateralised fixed-term deposit accounts	2,567	2,474
Uncollateralised current accounts	19,715	15,780
Total	**22,282**	**18,254**

The cash and cash equivalents comprise collateralised and uncollateralised cash in hand and bank balances. The cash and cash equivalents correspond to the total funds shown in the Cash Flow Statement.

Fixed-term deposits amounting to EUR 2,567,000 (previous year: EUR 2,474,000) are used as collateral for various sureties. As per 31 December 2009, the uncollateralised cash and cash equivalents amount to EUR 19,715,000 (previous year: EUR 15,780,000).

2. Securities

	31.12.2009 000 EUR	31.12.2008 000 EUR
Mittelschule und Tourismusfachschule Samedan	3	3
plenum AG	145	0
Units	107	0
Total	**255**	**3**

The shares held in Mittelschule und Tourismusfachschule Samedan AG, Samedan (Switzerland), amounting to EUR 3,000, have been posted under securities. The company is not listed. They are valued at acquisition costs.

Furthermore, as per 31.12.2009, COR&FJA AG held freely marketable shares in plenum AG, Wiesbaden, with a value of EUR 145,000. In the reporting year, a valuation allowance amounting to EUR 23,000 came about on account of the adjustment to the stock market price. The change in the market value of the financial instrument classified as held for trading was recognised under other operating expenses.

Moreover, fund units were recognised under securities with a value of EUR 107,000; their book value was also adjusted by EUR 5,000 in the reporting period. The valuation allowance was also posted under other operating expenses.

3. Trade receivables

	31.12.2009	31.12.2008
	000 Euro	000 Euro
Invoiced receivables	15,923	11,926
Receivables not yet invoiced	7,870	1,155
Total	**23,793**	**13,081**

The trade receivables fall due within one year.

		Of which: impaired		Of which: neither impaired nor overdue as at the balance sheet date	Of which: not impaired and overdue in the following time bands as at the balance sheet date				
Invoiced receivables	Gross value		Book value		< 30 days	31 – 60 days	61 – 90 days	91 – 120 days	121 – 360 days
As per 31.12.2009	16,078	155	15,923	12,350	2,525	128	48	100	772
As per 31.12.2008	12,062	136	11,926	7,250	4,000	386	85	43	162

Concerning the portfolio of trade receivables that have been invoiced for, which was neither impaired nor in default, as at the balance sheet date, there were no indications that the debtors would not meet their payment obligations.

The valuation allowances on receivables that have been invoiced for developed as follows:

	2009	2008
	000 EUR	000 EUR
Valuation allowances as per 01.01.	**136**	**403**
Changes, consolidation group	152	0
Transfers	5	18
Consumption	-27	0
Reversals	-111	-285
Valuation allowances as per 31.12.	**155**	**136**

The full amount of the transfers, i.e. EUR 5,000 (previous year: EUR 18,000), consumption, i.e. EUR 27,000 (previous year: EUR 0), and reversals, i.e. EUR 111,000 (previous year: EUR 285,000), relates to itemised valuation allowances.

The table below shows the cost of cancelling receivables that have been invoiced for entirely, as well as the income from the receipt of cancelled receivables:

	2009 000 EUR	2008 000 EUR
Cost of cancelling receivables entirely	1,016	0
Income from the receipt of cancelled receivables	0	0

The cost of cancelling receivables has been posted under other operating expenses, and income from the receipt of cancelled receivables under other operating income.

In connection with the projects valued according to the percentage-of-completion method (PoC), the COR&FJA Group sets off the total amount of the costs incurred and the profits posted against the amount of the advance payments that have been offset. If this results in a positive balance, the latter will be reported under the item trade receivables, and, if it results in a negative balance, under other current liabilities.

Overall, for all orders, the following balances result under assets and liabilities respectively:

2009	Orders under assets	Orders under liabilities	Total
	000 EUR	000 EUR	000 EUR
Total amount of costs incurred and profits posted	27,125	925	28,050
Offset advance payments	-19,255	-1,639	-20,894
Total	**7,870**	**-714**	**7,156**

2008	Orders under assets	Orders under liabilities	Total
	000 EUR	000 EUR	000 EUR
Total amount of costs incurred and profits posted	7,445	0	7,445
Offset advance payments	-6,290	-889	-7,179
Total	**1,155**	**-889**	**266**

In order to provide security for credit lines, receivables amounting to EUR 6,000,000 were assigned to financial institutions in the reporting year. No trade receivables providing security for liabilities had been pledged in the previous year.

4. Receivables and liabilities vis-à-vis affiliated companies

	31.12.2009	31.12.2008
	000 EUR	000 EUR
Receivables from affiliated companies	49	0
Amounts owed to affiliated companies	-135	0

The receivables from affiliated companies exist with respect to innovas GmbH, Hamburg (EUR 49,000), and they fall due within one year.

The amounts owed to affiliated companies exist with respect to msg systems AG, Ismaning (EUR 81,000) and msgGillardon AG, Bretten (EUR 54,000). The liabilities have a residual term of up to a year.

5. Inventories

The inventories (work in progress that cannot yet be charged for), amounting to EUR 542,000, relate to the region of Germany (2008: EUR 4,000). In the reporting period and in the same period the previous year, no impairments were reported as expenses.

In the reporting year and in the previous year, no inventories were reported at fair current value minus selling expenses.

No inventories providing security for liabilities were pledged.

6. Ongoing income tax claims

	31.12.2009 000 EUR	31.12.2008 000 EUR
Short-term	822	180
Long-term	753	793
Total	**1,575**	**973**

The current income tax claims consisted of advance payments and refund claims for corporation and trade tax amounting to EUR 1,575,000 (previous year: EUR 973,000). The short-term portion of this was EUR 822,000 (previous year: EUR 180,000), and the long-term portion, EUR 753,000 (previous year: EUR 793,000). The long-term portion related to the long-term component of the capitalised corporation tax credit balance.

7. Other financial receivables (short-term)

	31.12.2009 000 EUR	31.12.2008 000 EUR
Security deposits	40	103
Claims for indemnity	2,450	0
Purchase price receivable	1,200	0
Loan, loans, mortgages	250	0
Other	41	14
Total	**3,981**	**117**

On 30 March 2009, what was at the time COR AG Financial Technologies announced that, as of 1 April 2009, it would own a 51 per cent majority share in Uniserv Outsourcing B.V., Lelystad (the Netherlands). A further 25 per cent of the shares in Uniserv are held by DBV Holding N.V., Zeist (the Netherlands). Since that time, SNS Reaal N.V., Utrecht (the Netherlands), has decided to integrate its subsidiary, DBV, fully into the SNS Group. In doing so, it was changing the plan it had had hitherto of outsourcing the DBV IT department to Uniserv. Thus, COR&FJA's 51 per cent share in Uniserv was sold to DBV with effect as per 31 December 2009. The sale price of the shares corresponded to the purchase price of the time, being EUR 1,200,000.

Concerning the claim for indemnity, see the statements made in 'VII. Notes to the profit and loss statement, 5. Other Operating Income'.

The other financial receivables (short-term) fall due within one year.

8. Other short-term assets

	31.12.2009	31.12.2008
	000 EUR	000 EUR
Value-added tax	63	8
Deferred items	358	176
Other	651	577
Total	**1,072**	**761**

In particular, the part-payments of the insurance and rent paid in the reporting year that do not give rise to expenditure until the following year are reported under prepaid expenses.

9. Goodwill and other intangible assets

2009		Other intangible assets		
	Goodwill	Development costs	Other	Total
	000 EUR	000 EUR	000 EUR	000 EUR
Acquisition costs as of 01.01.2009	10,165	1,714	1,905	13,784
Additions	0	423	387	810
Accruals to the consolidation group	21,026	0	17,360	38,386
Disposals	0	-446	-697	-1,143
Foreign currency differences	0	0	0	0
As of 31.12.2009	**31,191**	**1,691**	**18,955**	**51,837**
Depreciation and amortisation 01.01.2009	6,582	849	721	8,151
Additions	0	60	613	673
Accruals to the consolidation group	0	0	1,525	1,525
Disposals	0	-446	-403	-849
Foreign currency differences	0	0	0	0
As of 31.12.2009	**6,582**	**463**	**2,455**	**9,500**
Book value as of 31.12.2009	**24,609**	**1,228**	**16,500**	**42,337**

2008		Other intangible assets		
	Goodwill	Development costs	Other	Total
	000 EUR	000 EUR	000 EUR	000 EUR
Acquisition costs as of 01.01.2008	10,165	1,199	1,905	13,269
Additions	0	515	0	515
Disposals	0	0	0	0
Foreign currency differences	0	0	0	0
Stand 31.12.2008	**10,165**	**1,714**	**1,905**	**13,784**
Depreciation and amortisation 01.01.2008	6,582	776	552	7,910
Additions	0	73	168	241
Disposals	0	0	0	0
Foreign currency differences	0	0	0	0
As of 31.12.2008	**6,582**	**849**	**720**	**8,151**
Book value as of 31.12.2008	**3,583**	**865**	**1,185**	**5,633**

The research and development costs (personnel expenses and other operating expenses) that were recognised under expenses in 2009 amounted to EUR 10,787,000 (previous year: EUR 6,900,000).

The additions that were capitalised in the 2009 financial year consist of capitalisations for own work, and capitalisations of work connected with the implementation of the cost accounting in SAP.

In addition, we would refer to the notes included in 'VII.2 Capitalised Own Work for Developments'.

As security for the fulfilment of its liabilities under two leases that it has concluded with a licensee (see under 'VIII. Notes to the Balance Sheet, 19. Other Financial Liabilities'), through its subsidiary, COR&FJA Deutschland GmbH, COR&FJA AG has deposited the source programmes and the development documentation relating to the COR.FJA Life Factory standard software in a neutral place.

The valuation tests for goodwill and individual intangible assets that must be conducted every year were carried out in the reporting year, so that any indications that an impairment existed could be established.

Information on the other intangible assets in the reporting year
No events or changes of circumstance obtained on account of which the individual book values could no longer be achieved. Therefore, no extraordinary impairments on the other intangible assets were reported in the financial year.

Information on the other intangible assets in the previous year
Nor had any events or changes of circumstance obtained in 2008 on account of which the individual book values could no longer be achieved. Therefore, no extraordinary impairments on the other intangible assets had been reported in the previous year.

The valuation of the goodwill was assessed in accordance with IAS 36 and on the basis of cash generating units. The goodwill is made up of the following:

	31.12.2009	31.12.2008
	000 EUR	000 EUR
COR&FJA OdaTeam	952	952
COR Gruppe	21,026	0
COR&FJA Deutschland GmbH	1,345	1,345
FJA-US	81	81
PYLON GmbH	1,205	1,205
Total	**24,609**	**3,583**

For the verification of the valuation of the goodwills, the book values of the goodwill were allocated to individual cash generating units. The book values (net assets) of the individual cash generating units were then checked so that any requirement that existed for impairment could be established. The achievable amount corresponding to the value in use that had been ascertained according to the 'discounted cash flow' method was thus compared with the book values. In accordance with the definition of the cash generating unit, the COR&FJA Deutschland GmbH, COR&FJA-US, COR&FJA OdaTeam and PYLON GmbH business units within the COR&FJA Group were used as cash generating units.

As yet, the required allocation of the goodwill arising from the acquisition of COR AG, amounting to EUR 21,026,000, to a cash generating unit was not carried out because the future weighting and definition of the segments of COR&FJA AG will take place in 2010. Therefore, it will be impossible for the valuation of the goodwill to be verified until allocation to a cash generating unit has taken place.

Information on the goodwill in the reporting year
No impairments on a goodwill were carried out in the reporting year as a result of the valuation tests.

Information on the goodwill in the previous year
In the previous year, no impairments were carried out on a goodwill.

The valuation of the other goodwill was verified on the basis of cash flows that were estimated for the future, which were derived from the plans. The basis used to establish future cash flows was the data emanating from the corporate plans for the financial years to 2012, with subsequent transition to perpetuity. These plans use a planning horizon of three years. For the period of time thereafter ('perpetuity'), a growth rate of 0.5 per cent on average was applied to the cash flows in the valuation tests. The capital costs ('WACC' = weighted average cost of capital) and other capital market data were ascertained using the peer group assessment that had been conducted by an external expert in the previous year.

In the COR&FJA Deutschland GmbH unit, the free cash flows were discounted with a capital cost rate (WACC) of 7.3 per cent p.a. (previous year: 8.6 per cent p.a.) before tax and, for COR&FJA OdaTeam, with 10.1 per cent (previous year: 11.4 per cent). A country risk surcharge was introduced into this calculation for Slovenia. Sensitivity analyses revealed that significant deviations from the plan assumptions led to a valuation allowance requirement in COR&FJA OdaTeam and PYLON GmbH.

10. Property, plant and equipment

2009	Buildings on third-party land	Hardware and software	Factory and office equipment	Total
	000 EUR	000 EUR	000 EUR	000 EUR
Acquisition costs as of 01.01.2009	3,315	4,559	2,968	10,842
Additions	5	573	431	1,009
Accruals to the consolidation group	407	3,461	2,318	6,186
Disposals	-136	-3,136	-426	-3,698
Foreign currency differences	-11	-7	-6	-24
As of 31.12.2009	**3,580**	**5,450**	**5,285**	**14,315**
Depreciation and amortisation 01.01.2009	2,383	4,477	2,401	9,261
Additions	340	192	250	782
Accruals to the consolidation group	280	2,855	1,628	4,763
Disposals	-132	-3,113	-378	-3,623
Foreign currency differences	-11	-6	-5	-22
As of 31.12.2009	**2,860**	**4,405**	**3,896**	**11,161**
Book value as of 31.12.2009	**720**	**1,045**	**1,389**	**3,154**

2008	Buildings on third-party land	Hardware and software	Factory and office equipment	Total
	000 EUR	000 EUR	000 EUR	000 EUR
Acquisition costs as of 01.01.2008	3,291	5,533	3,217	12,041
Additions	0	52	65	117
Disposals	0	-989	-325	-1,314
Foreign currency differences	24	-37	11	-2
Stand 31.12.2008	**3,315**	**4,559**	**2,968**	**10,842**
Depreciation and amortisation 01.01.2008	2,057	5,445	2,486	9,988
Additions	310	73	214	597
Disposals	0	-1,003	-307	-1,310
Foreign currency differences	16	-38	8	-14
As of 31.12.2008	**2,383**	**4,477**	**2,401**	**-9,261**
Book value 31.12.2008	**932**	**82**	**567**	**1,581**

No extraordinary impairments or write-ups on assets within property, plant and equipment were carried out in the reporting year or in the previous year, since there were no relevant events relating to changes in the circumstances.

11. Financial investments

	31.12.2009 000 EUR	31.12.2008 000 EUR
Shareholding, Life Insurance Inc.	0	0
Shareholding, innovas GmbH	2,895	0
Shareholding, H.C.M. Capital Management AG	0	0
Shareholding, ARGE FJA KR BU-System	3	3
Other	3	3
Total	**2,901**	**6**

FJA-US owns 2.5 per cent of the nominal capital of Life Insurance Inc., New York (USA). Because of the company's financial situation, a full valuation allowance was effected for the shareholding in 2002.

COR&FJA AG owns 10% of innovas GmbH, Hamburg. The shareholding in innovas GmbH, amounting to EUR 2,895,000, is classified as an available-for-sale financial instrument. Since there are no active markets for shareholdings in small, non-listed companies and the fair value cannot be established reliably, the shareholding is reported in the subsequent periods at net book value. The soundness of the financial investment at the time of acquisition was calculated on the basis of the capitalised earnings value by means of an expert opinion taking account of the principles of corporate valuation as defined by the new version of the Standard IDW S 1 established by the German Institute of Auditors (IDW). There are no indications of impairment. In the 2009 financial year, COR&FJA AG collected dividend payouts from innovas GmbH amounting to EUR 163,000 as income from affiliated companies (cf., in this regard, 'VII.9. Income from Participating Interests'). Since msg systems AG, Ismaning, a subsidiary of msg group GmbH (formerly: GEDO Unternehmensverwaltungsgesellschaft mbH), Ismaning (formerly: Hürth), owns 90% of the shares in innovas GmbH and – because of the merger with COR AG that took place on 19 October 2009 – is the most senior parent company of COR&FJA AG, the shares are not posted as a consolidated shareholding in an affiliated company.

COR&FJA AG owns 25% of the shares plus one share in H.C.M. Capital Management AG, Munich. H.C.M. Capital Management AG is not a listed company. Since COR&FJA AG has a decisive influence over the company, the shares are accounted for at equity as a shareholding in a group undertaking. Because of the economic situation of H.C.M. Capital Management GmbH, a full valuation allowance had already been effected for the shareholding before 31 October 2009.

The shareholding in ARGE FJA KR BU-System, Munich, has not been consolidated. The COR&FJA Group does not have a decisive influence over ARGE FJA KR BU-System, as it does not have many opportunities to collaborate in the financial and business decision-making processes of the partly owned subsidiary. The COR&FJA Group owns 50 per cent of the shares. ARGE's shareholders' equity amounts to EUR 81,000 as per 31 December 2009 (previous year EUR 46,000). The total assets are EUR 86,000 (previous year EUR 69,000), and the total liabilities are EUR 5,000 (previous year EUR 23,000). In the 2009 financial year, ARGE generated turnover of EUR 122,000 (previous year EUR 98,000) and a result of EUR 36,000 (previous year EUR 7,000).

The valuation allowances on the financial investments developed as follows:

	2009 000 EUR	2008 000 EUR
Valuation allowances as per 01.01.	**53**	**53**
Price differences	0	0
Transfers to the consolidation group	425	0
Transfers	0	0
Consumption	0	0
Reversals	0	0
Valuation allowances as of 31.12.	**478**	**53**

12. Deferred tax claims and deferred tax liabilities

The deferred taxes were determined using the relevant country-specific tax rates that were between 20 per cent and 45.6 per cent (previous year: between 21 per cent and 45.6 per cent). Changes in tax rate that had already been decided upon as of the balance sheet date were taken into account when the deferred taxes were determined.

As was the case last year, the deferred taxes of the domestic companies have been evaluated according to the applicable trade tax collection rate using an aggregate tax rate, including the solidarity surcharge, of between 30 per cent and 32.98 per cent.

The deferred taxation is allocated to the following balance sheet items:

	31.12.2009		31.12.2008	
	Assets	Liabilities	Assets	Liabilities
	000 EUR	000 EUR	000 EUR	000 EUR
Receivables not yet invoiced	265	949	152	0
Receivables and other current assets	10	515	0	346
Intangible assets	550	4,700	0	382
Financial assets	0	0	51	0
Property, plant and equipment	162	436	0	181
Deferred charge	30	0	0	0
Other provisions	326	2	110	1
Pension provisions	443	0	134	0
Other financial liabilities	405	125	19	80
Deferred revenue	0	0	18	17
Tax losses carried forward	4,426	0	3,095	0
Total	**6,617**	**6,727**	**3,580**	**1,007**

The deferred taxes that were recognised in shareholders' equity amount to EUR 295,000 (previous year: EUR 293,000).

13. Other financial receivables (long-term)

	31.12.2009	31.12.2008
	000 EUR	000 EUR
Counter guarantee insurances	0	278
Other	23	70
Total	**23**	**348**

In the previous year, the item essentially comprised the claims that arose from counter guarantee insurances amounting to EUR 278,000. Because the methods used to account for and value the provisions for pensions changed as of 1 January 2009, the fair values of the plan assets have been deducted from the cash value of the defined benefit pension obligation. Cf., in this regard, the statements made in 'VIII. Notes to the Balance Sheet, 20. Provisions for Pensions'.

14. Financial liabilities

	31.12.2009 000 EUR	31.12.2008 000 EUR
Short-term	3,000	0
Long-term	0	0
Total	**3,000**	**0**

Interest-bearing credit liabilities based on a contractual obligation to a third party are posted under financial liabilities.

Specifically, the financial liabilities were as follows:

Type	Credit currency	000 EUR		Interest rate p.a.	
		31.12.2009	31.12.2008	2009	2008
Bank credit	EUR	3,000	0	5.5%	-

15. Trade payables

Trade payables have as in the previous year a residual term of up to one year.

16. Current income tax liabilities

	31.12.2008 000 EUR	000 EUR
Short-term	1,667	857
Long-term	0	0
Total	**1,667**	**857**

The current income tax liabilities are due in the short term.

17. Other provisions

	31.12.08	Transfers to the consoli-dation group	Foreign currency differences	Consumption	Reversal	Transfer	31.12.2009
	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
Guarantee payments	558	536	0	-14	-66	28	1,042
Provision for project costs	0	0	0	0	0	19	19
Contingent losses	368	158	0	-110	-38	147	525
Expected incoming invoices	531	1,104	0	-1,156	-51	775	1,203
Other	581	688	0	-304	-109	264	1,120
Other provisions	**2,038**	**2,486**	**0**	**-1,584**	**-264**	**1,232**	**3,909**

The reversals of provisions are reported in the profit and loss staement under other operating income (VII.5.).

During the reporting period, no increases took place in the discounted amounts because of the passage of time.

The valuation as of the balance sheet date takes into account the financial charges the company is expected to have to bear.

Provisions for guarantee payments were formed on the basis of the existing or estimated future claims experience.

The provision for project costs includes the cost of services not yet rendered.

The provisions for contingent losses include the cost of rental agreements and the negative market value of an interest swap.

The provision for expected incoming invoices relates solely to the other operating expenses.

The other provisions essentially included the provisions formed for the financial statements, the general meeting of shareholders/Annual Report, etc.

As of the balance sheet date, the other provisions had the following maturity pattern:

	Long-term 2009	Long-term 2008	Short-term 2009	Short-term 2008	Total 2009	Total 2008
	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
Guarantee payments	0	0	1,042	558	1,042	558
Provision for project costs	0	0	19	0	19	0
Contingent losses	151	247	374	368	525	368
Expected incoming invoices	0	0	1,203	531	1,203	531
Other	340	233	780	101	1,120	581
Other provisions	**491**	**480**	**3,418**	**1,558**	**3,909**	**2,038**

Payments under the provision for guarantee payments are not made directly, but are essentially effected in the context of personnel and other operating expenses.

The sums accounted for under the provisions for project costs, contingent losses, expected incoming invoices and other provisions (totalling EUR 2,867,000) must be paid out in the short term within the scope of operating activity, with the exception of a sum amounting to EUR 491,000.

COR&FJA Group has sufficient liquid funds to make the payments concerned using the provisions.

18. Other current liabilities

	31.12.2009 000 EUR	31.12.2008 000 EUR
Tax liabilities	1,314	817
Payments received on account for customer orders	714	889
Deferred items	662	307
Total	**2,690**	**2,013**

Concerning the payments received on account for customer orders, see the statements made in ‘VIII. Notes to the Balance Sheet, 3. Trade Receivables’.

19. Other financial liabilities

	31.12.2009 000 EUR	31.12.2008 000 EUR
Liabilities from the personnel and welfare area	8,331	5,154
Hire purchase liability	2,277	3,590
Purchase price liability	1,173	0
Other	1,012	837
Total	**12,793**	**9,581**

The liabilities from the personnel and welfare area relate principally to liabilities from holiday, overtime and bonus entitlements.

Via contracts dated 15 December 2006 and 22 January 2007, COR&FJA Deutschland GmbH concluded two sale and finance leaseback transactions with a licensee relating to the COR.FJA Life Factory standard software (COR&FJA license no. A. 1.000-2006 and COR&FJA license no. B. 1.000-2007). In each instance, under a software licensing agreement, COR&FJA Deutschland GmbH initially sold the licensee an unrestricted right to use this standard software in perpetuity for a single fee (EUR 3 million in each case). In a second phase, by means of hire purchase, the parties agreed the temporary handing over of the right to use this license by the licensee, as the lessor, to COR&FJA Deutschland GmbH, as the hire purchaser, through the granting of a sublicense in consideration of regular, recurring rental payments (each amounting to EUR 65,738.44), for a period of 54 months. Since the main opportunities and risks that relate to the asset are associated with its ownership remain with the COR&FJA Group, what has been created is a finance leasing and/or hire purchase liability scenario. The hire purchase liability is commensurate with the cash value of the minimum leasing payments. The lessee’s initial direct costs have been included in the valuation. As per 31 December 2009, the hire purchase liability amounted to EUR 2,277,000 (previous year: EUR 3,590,000).

As security for the fulfilment of its liabilities under the two leases, through its subsidiary, COR&FJA Deutschland GmbH, COR&FJA AG has deposited each source code and the related development documentation in a neutral place. In addition, in each case, COR&FJA AG has assumed a directly enforceable maximum guarantee for the fulfilment of all the liabilities of the hire purchaser, COR&FJA Deutschland GmbH, amounting to EUR 132,000.

The liability (‘puttable liability’) arising from the anticipated exercising of the call/put agreement that was concluded with msg systems AG in connection with the acquisition of COR&FJA Alldata Systems GmbH has also been entered under other financial liabilities. The purchase price liability, amounting to EUR 1,255,000 (nominally), was recognised at its cash value as part of the first-time consolidation procedure. The net book value amounted to EUR 1,173,000 as per 31 December 2009. Cf. also, in this regard, the statements made in ‘III. Consolidated Group, 1. Subsidiaries’.

The ‘Other’ item essentially included the wage and church tax liabilities.

As of the balance sheet date, the other financial liabilities had the following maturity pattern:

31.12.2009	Total	Residual term of up to 1 year	Residual term of between 1 year and 5 years	Residual term of more than 5 years
	000 EUR	000 EUR	000 EUR	000 EUR
Liabilities from the personnel and welfare area	8,331	8,331	0	0
Hire purchase liability	2,277	1,440	837	0
Purchase price liability	1,173	1,173	0	0
Other	1,012	1,012	0	0
Other financial liabilities	**12,793**	**11,956**	**837**	**0**

31.12.2008	Total	Residual term of up to 1 year	Residual term of between 1 year and 5 years	Residual term of more than 5 years
	000 EUR	000 EUR	000 EUR	000 EUR
Liabilities from the personnel and welfare area	5,154	5,154	0	0
Hire purchase liability	3,590	1,314	2,276	0
Other	837	837	0	0
Other financial liabilities	**9,581**	**7,305**	**2,276**	**0**

The tables below show the contractually agreed (non-discounted) interest and redemption payments relating to the other financial liabilities:

000 EUR as of 31.12.2009	Total	Cash flows 2010		Cash flows 2011		Cash flows 2012 – 2014	
		Interest	Redemption	Interest	Redemption	Interest	Redemption
Liabilities from the personnel and welfare area	8,331	0	8,331	0	0	0	0
Hire purchase liability	2,277	138	1,440	18	837	0	0
Purchase price liability	1,173	0	1,173	0	0	0	0
Other	1,012	0	1,012	0	0	0	0
Other financial liabilities	**12,793**	**138**	**11,956**	**18**	**837**	**0**	**0**

000 EUR as of 31.12.2008	Total	Cash flows 2009		Cash flows 2010		Cash flows 2011 – 2013	
		Interest	Redemption	Interest	Redemption	Interest	Redemption
Liabilities from the personnel and welfare area	5,154	0	5,154	0	0	0	0
Hire purchase liability	3,590	264	1,314	138	1,440	18	836
Other	837	0	837	0	0	0	0
Other financial liabilities	**9,581**	**264**	**7,305**	**138**	**1,440**	**18**	**836**

All the financial instruments that were in the portfolio as of the balance sheet date in question, and for which payments have already been contractually agreed, have been included. No budgeted figures have been considered for liabilities that might come about in the future. Financial liabilities that can be met at any time are always allocated to the earliest possible time period.

In the past financial year, 2009, and in the previous year, no bad debt losses or breaches of contract were sustained by the company.

20. Pension provisions

The COR&FJA Group used the corridor method until 31 December 2008.

With effect from the reporting year, the company has been using its discretionary right under IAS 19 ('Employee benefits', to account immediately with no impact on earnings, for actuarial profits and losses from defined-benefit pension obligations, based upon adjustments made on the basis of experience and changes to actuarial assumptions, and reductions arising from the allowance for the upper limit on assets. The change is a voluntary change of method. COR&FJA AG is of the opinion that the immediate, complete posting of actuarial gains and losses will better reflect the assets on the balance sheet because latent reserves or charges will be disclosed and more relevant information ultimately communicated in the financial statement. The figures from previous years have not been adjusted, for reasons of relevance. The effect of the adjustment was entered as other revenue reserves under equity as at 1 January 2009, and amounts to EUR 134,000.

Pension agreements exist for some of the subsidiary companies within the COR&FJA group in the form of direct defined-benefit obligations. In defined-benefit plans, the employer undertakes to make the promised pension payments and to finance them by forming pension provisions or separate plan assets for pension purposes.

Provisions for pension obligations are formed on the basis of plans for retirement, incapacity and survivors' benefit. Group pension obligations to employees are based on direct and indirect pension commitments. Benefits from direct pension obligations are fundamentally determined as a function of monthly salary and length of service with the company.

The amount of the pension obligation is calculated by actuarial methods using the internationally-accepted projected unit credit method, in accordance with IAS 19 ('Employee benefits'), with future obligations being calculated on the basis of the proportional entitlements acquired on the balance sheet date. Evaluation takes account of assumed trends for the relevant variables which affect the amount of benefit. Actuarial calculations are required for all benefit systems.

Not only assumptions about life expectancy and incapacity, but also premises using the biometric principles of Heubeck mortality table 2005G play a role.

The calculations are based on the following actuarial assumptions for the respective reference dates:

2009

	COR&FJA AG	COR&FJA Deutschland	COR&FJA Alldata	COR&FJA Systems
	% per year	% per year	% per year	% per year
Actuarial interest rates	5.75	5.75	5.75	5.75
Projected increase in salaries	0.00	0.00	2.25	2.25
Rate of pension progression (civil service adjustment)	2.25	2.25	1.90	1.90

2008

	COR&FJA	COR&FJA Deutschland
	% per year	% per year
Actuarial interest rates	6.25	6.25
Projected increase in salaries	2.00	2.00
Rate of pension progression (civil service adjustment)	2.00	2.00

No allowance was made for the probability of fluctuation.

The outlay for defined-benefit pension plans consists of the following:

	31.12.2009	31.12.2008
	000 EUR	000 EUR
Continuous service cost	31	18
Interest charges on the project unit credit	133	83
Actuarial losses entered	n/a	-29
Counter guarantee insurance premiums	17	0
Anticipated returns on plan assets	-21	0
Total expenses	**160**	**72**

The continuous service cost and counter guarantee insurance premiums (and the actuarial losses entered for the previous year) are posted as part of HR costs. The interest charges on the projected unit credit and the anticipated returns on the plan assets are shown in the financial result.

The balances of the actuarial gains and losses entered with no impact on earnings are as follows:

	31.12.2009 000 EUR	31.12.2008 000 EUR
Actuarial gains (losses)	**10**	**n/a**

The asset is invested using counter guarantee insurance. 100% of the assets are direct claims from the insurance company. The anticipated long-term returns are based upon past experience of insurance contracts and on anticipated future returns. No change in the composition of the plan assets is intended in the 2010 financial year.

The actual returns on the plan assets are as follows:

	31.12.2009 000 EUR	31.12.2008 000 EUR
Actual returns on plan assets	**10**	**n/a**

Reconciliation calculations of the cash values of defined-benefit obligations, the plan asset values to be reconciled and the figures derived from them for pension provisions are shown below:

	2009 000 EUR	2008 000 EUR
Cash value of the benefit obligation as at 01.01.	1,432	n/a
Continuous service cost	31	n/a
Interest charges on the project unit credit	133	n/a
Pension payments	-64	n/a
Actuarial gains/losses	111	n/a
Changes in the consolidation group	4,874	n/a
Cash value of the benefit obligation as at 31.12.	**6,517**	**n/a**
Plan assets as at 01.01.	518	n/a
Counter guarantee insurance premiums	16	n/a
Anticipated returns on plan assets	22	n/a
Partial full funding	230	n/a
Actuarial gains/losses	-31	n/a
Change in the consolidation group	571	n/a
Plan assets as at 31.12.	**1,326**	**n/a**
Net obligation	**5,191**	**n/a**

The reconciliation calculation of the cash value of the defined-benefit obligation and the fair value of the plan assets with the assets and liabilities posted on the balance sheet is shown below:

	2009 000 EUR	2008 000 EUR
Net obligation at the beginning of the year	**1,631**	**1,611**
Plan assets as at 01.01.2009	-517	n/a
Actuarial losses as at 01.01.2009	-200	n/a
Net cost entered	160	101
Pension costs entered in the schedule of earnings and costs	142	n/a
Employer's contributions	-33	n/a
Directly-paid benefits	-64	-52
Amortisation of actuarial gains and losses	n/a	-29
Partial full funding	-230	0
Change in the consolidation group	4,302	0
Provisions as at 31.12.	**5,191**	**1,631**

Payments in the amount of EUR 145,000 are planned for the subsequent year (2010).

21. Subscribed capital

The subscribed capital as at 31 December 2009 after treasury shares had been taken into account was EUR 40,895,861.00 (31 December 2008: EUR 20.771,074.00). Overall, the subscribed capital is divided into 42,802,453 individual bearer shares (31 December 2008: 21,289,353) each representing an arithmetical proportion of equity capital of EUR 1. Each share represents one vote. No preference shares were issued.

The equity capital of the company was increased by EUR 21,513.100.00 to EUR 42,802,453.00 for the purpose of the merger of COR AG Financial Technologies with FJA AG, in return for contributions in kind of EUR 21,289,353.00, by the issue of new individual bearer shares (ordinary shares) in the arithmetical nominal amount of EUR 1 each, at an issue price of EUR 1. The new shares were issued to the shareholders of COR AG Financial Technologies during the merger in return for the transfer of the assets of COR AG Financial Technologies, registered in Leinfelden-Echterdingen, in the ratio of fourteen shares in COR AG Financial Technologies to twenty-five shares in FJA AG. The new shares to be issued in return are entitled to a dividend from 1 January 2009.

The Management Board was authorised by the resolution of the ordinary general meeting of 20 June 2008 to acquire own shares until 20 December 2009 for purposes other than trading. The countervalue for the acquisition of such shares may not exceed or undercut the mean value of the quoted price of the shares on the five stock market trading days preceding the acquisition in the final auction in the XETRA trading system by more than 5%. This resolution was revoked and replaced by the resolution of the ordinary general meeting of 28 July 2009, authorising the executive board to acquire own shares until 27 January 2011, with the proviso that at no time will more than 10% of the equity capital be attributable to own shares owned by or attributable to the company in accordance with Sections 71d and 71e of the German Stock Corporation Act (AktG).

On 21 August 2008, the Management Board of COR&FJA AG resolved, on the basis of the authorisation of the general meeting of 20 June 2008, to acquire up to 638,680 of its own shares, i.e. around 1.5% of the equity capital, on the stock exchange from 25 August 2008. In the reporting year, COR&FJA AG repurchased a further 120,401 in addition to the 518 shares from the previous year, so that 638,680 shares had been acquired at a price of EUR 1,193,549.57 as at 31 December 2009. This corresponds to an average acquisition price of EUR 1,87 per share. The purchase price of EUR 1,193,549.57 has been entered directly as equity capital under subscribed capital (EUR 638,680.00) and capital reserve (EUR 554,869.57).

Furthermore, 1,267,912 own shares from the holding of the former COR AG accrued as a result of the merger with COR AG. The accrual of EUR 2,662,615.00 has been entered directly as equity capital under subscribed capital (EUR 1,267,912.00) and capital reserve (1,393,703.00).

No new capital was approved in 2009 or in the previous year.

The following approved and contingent capital is available:

Approved Capital 2006/I
With the approval of the Supervisory Board, the Management Board was authorised by resolution of the general meeting of 23 June 2006 to increase the equity capital of the company by 22 June 2011 once or several times by up to a nominal total of EUR 10,398,708 by issuing new individual bearer shares against payment in cash or a contribution in kind, whereby the subscription right of the shareholders may be precluded in order to issue the new shares for the purpose of acquisition of businesses, parts of businesses or holdings in businesses, or of receivables payable by the company (approved capital 2006/I).

The Management Board was also authorised by resolution of the general meeting of 23 June 2006 to preclude the shareholders' right of purchase, with the approval of the Supervisory Board, in order to increase the equity capital of the company once or several times by up to a total of EUR 2,079,741, by issuing new individual shares in return for cash contributions at an issue price which does not significantly undercut the quoted price of the shares of the company as a whole at the time at which the issue price is stipulated by the Management Board. Insofar as the Management Board does not make use of the aforementioned authorisations to preclude the right of purchase, the shareholders' subscription right may only be precluded for maximum amounts. The Management Board was authorised to stipulate the other details of the capital increase and its implementation, with the approval of the Supervisory Board.

Contingent Capital 2006/I
The equity capital was increased conditionally by resolution of the general meeting of 23 June 2006 by up to EUR 10,119,061 (contingent capital 2006/I). The contingent capital increase will only be implemented insofar as the holders or creditors of convertible and/or option bonds, the issue of which by the Management Board was authorised by resolution of the general meeting of 23 June 2006, exercise their conversion rights and options, or fulfil their conversion obligations arising from such convertible and/or option bonds, by 22 June 2011.

Contingent Capital 2004/I
The contingent capital 2004/I amounts to EUR 99,647 after the issue of new shares.

Contingent Capital 2000/I
The equity capital of the company was conditionally increased by resolution of the general meeting of 17 January 2000, as amended by the general meeting of 5 July 2001, by up to EUR 180,000, to fulfil the share option plan.

Share option scheme
On 17 August 2007, the Management Board and the Supervisory Board of COR AG were authorised by the general meeting to increase the equity capital of the company by issuing up to 715,000 ordinary bearer shares. The purpose of this contingent capital increase is to grant rights to purchase company shares to the members of the Management Board and employees. In a first tranche, 142,992 options were issued to employees and 35,750 to members of the Management Board of the company until 13 September 2007. 35,748 options in this first tranche lapsed by 31 December 2009 due to employees leaving the company. 107,244 options for employees and 35,750 for members of the Management Board are therefore still outstanding from this first tranche. The options in the first tranche confer the right to acquire shares in COR AG from 13 September 2010 for up to six years from issue of the options, in specific windows for exercise of the right, at a strike price of EUR 3,78 once the strike price of EUR 4.91 is reached. By 18 April 2008, 142,992 options had been issued to employees in a second tranche, and 35,750 to members of the Management Board. 12,999 options in the second

tranche lapsed by 31 December 2009 as a result of employees leaving the company. 129,993 employee options and 35,750 options of members of the Management Board in this second tranche are therefore still outstanding. The options from the second tranche confer the right to purchase shares in COR AG at a strike price of EUR 4.17 when a strike price of EUR 5.42 is reached, from 18 April 2011 for up to six years after issue of the options, in specific windows for the exercise of the right. A total of 308,787 options from this share option scheme are thus still available for exercise, provided that the conditions of exercise are met.

COR&FJA AG grants all the option holders equal rights, in accordance with Section 23 of the German Reorganisation of Companies Act (UmwG). Each option confers a right corresponding to the exchange ratio stipulated in the merger agreement between COR AG and FJA AG to purchase 1.7857 individual bearer shares in COR&FJA AG, representing a proportional amount of the equity capital of FJA AG of EUR 1 each, instead of a individual registered share in COR AG representing a proportional amount of the equity capital of EUR 1. In other respects, the existing conditions remain unchanged, with the proviso that COR&FJA AG replaces COR AG and 1.786 individual shares in COR&FJA AG replace one individual share in COR AG, and that the holders of the options granted up to 13 September 2007 can now acquire, on the basis of their subscription right, for one COR share, 1.7857 shares in COR&FJA AG at a strike price of EUR 3.78 when a strike price of EUR 4.91 is reached for 1.7857 shares in COR&FJA, corresponding to a strike price of EUR 2.75 for one share in COR&FJA; and the holders of options granted up to 18 April 2008 can now acquire 1.7857 shares in COR&FJA, on the basis of their subscription right, for one COR share, at a strike price of EUR 4.17 once the strike price of EUR 5.42 is reached, for 1.7857 shares in COR&FJA, which corresponds to a strike price of EUR 3.04 for one COR&FJA share.

The options can be serviced with own shares of COR&FJA AG. Insofar as no subscription rights emerge for whole COR&FJA shares due to the exchange ratio, COR&FJA undertakes, in accordance with the stipulations of the respective option agreements, to put holders of options on fractions of COR&FJA shares in a position in which they are not financially disadvantaged in respect of such fractions.

The fair value of the options in the first tranche, determined in accordance with the Black-Scholes option price evaluation model at the time of issue, amounted to EUR 1.15 per option. EUR 9,000 were entered as staff costs for 2009.

The fair value of options in the second tranche determined in accordance with the Black-Scholes option price evaluation model at the time of issue amounted to EUR 1.18 per option. A stock market price of EUR 4.35 on the date of issue, a volatility of 33.9%, determined over a period of six months prior to issue of the option, and a risk-free interest rate of 4.75%, which roughly corresponds to the average yield of risk-free federal loans with a corresponding term, were used as a calculation basis. The evaluation was undertaken on the premise that none of the shares issued would lapse. Under IFRS 2, share option schemes with the fair value at the time of issue, distributed over the payment period, must be entered with an effect on expenditure with a counterentry in equity capital. The end of the payment period is determined in accordance with IFRS 2.15 by the time at which the equity capital instruments are freely available or may be exercised. Staff costs of EUR 11,000 were entered for the 2009 financial year on the basis of the parameters listed.

22. Capital reserve

The capital reserve includes the amount accruing in excess of the nominal price when shares are issued. As at 31 December 2009, the capital reserve amounted to EUR 33,478,524.76 (31 December 2008: EUR 9,876,062.04). The increase is mainly attributable to the increase in capital in return for contributions in kind described under '21. Subscribed capital'.

Only the restrictions of Section 150 of the German Stock Corporation Act (AktG) on the payment of dividends or repayment of capital apply to the capital reserve.

23. Group retained income

Retained income includes the profits of the companies within the scope of the consolidated financial statement, unless they have been paid out as dividends. Differences arising from currency conversion, with no impact on earnings, from the financial statements of foreign subsidiaries, actuarial gains and losses from pension provisions and other transactions posted as equity capital continue to be included.

A detailed schedule of changes in group retained income emerges from the development of equity.

Under the German Companies Act, dividends available for distribution depend up the net profit which COR&FJA AG declares in its financial statement, drawn up in accordance with the provisions of the German Commercial Code.

No dividend is anticipated for the 2009 financial year.

24. Minority interests

	31.12.2009 000 EUR	31.12.2008 000 EUR
As of 01.01.	0	162
Accrual to the consolidation group	31	0
Disposal	0	-162
Proportion of result for the year	-20	0
As of 31.12.	**11**	**0**

25. Other financial obligations

The following liabilities arise from long-term leases, tenancy agreements and service contracts (**operating leasing**):

	31.12.2009 of which with a residual term				31.12.2008 of which with a residual term			
		up to 1 year	1 to 5 years	over 5 years		up to 1 year	1 to 5 years	over 5 years
	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
Operating lease	56,984	6,858	19,780	30,346	22,953	5,172	9,990	7,791
Service contracts	0	0	0	0	0	0	0	0
	56,984	**6,858**	**19,780**	**30,346**	**22,953**	**5,172**	**9,990**	**7,791**

Liabilities from operating leasing are shown as the cash value of the minimum leasing payments.

The continuous cost of leases, tenancy agreements and service contracts in the financial year entered with an impact on results was EUR 7,408,000 (previous year: EUR 5,879,000).

The item 'Operating Lease' includes leased fixtures and fittings and liabilities arising from office tenancy agreements.

The service contracts involve liabilities arising from the maintenance of the hardware and software used in the company.

The sum of future minimum payments, receipt of which was anticipated by 31 December 2009 under non-cancelable subtenancy agreements, is EUR 3,610,000 (previous year: EUR 3,974,000).

There are no further financial liabilities, apart from Finance leasing (lease purchase liability) shown under 'VIII. Notes on the accounts, 19. Other financial liabilities'.

No leased item has been capitalised.

The minimum leasing payments and their cash value on the balance sheet reference date are as follows, broken down by due date:

	31.12.2009 of which with a residual term				31.12.2008 of which with a residual term			
		up to 1 year	1 to 5 years	over 5 years		up to 1 year	1 to 5 years	over 5 years
	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
Minimum leasing payments	2,432	1,578	854	0	4,010	1,578	2,432	0
Cash value of minimum leasing payments	2,277	1,440	837	0	3,590	1,314	2,276	0

Reconciliation of the sum of minimum leasing payments in the amount of EUR 2,432,000 (previous year: EUR 4,010,000) with the cash value of EUR 2,277,000 (previous year: EUR 3,590,000) took place by deducting the costs of finance or interest element of EUR 155,000 (previous year: EUR 420,000).

The principal leases are the following:
Certain extension options exist. The lessee may, by agreement with the lessor, exchange the contractual software during the term of the lease by cancelling the lease and concluding a new one. After the contractually-agreed term has expired, the lessee is entitled to acquire the licence to the contractual software and the associated rights of use to the licensed products obtained by the lessor as licensee. No price adjustment clauses are included. If the lease is terminated prematurely by extraordinary cancellation by the lessor, the latter is entitled to exploit the licence to the best effect, primarily by sale to a third party. The lessee has the right to nominate a third party to conclude a licence purchase agreement or to acquire the licence itself. The lessor is entitled to demand additional security in the case of major changes in the lessee's shareholding structure or a change in the objects of the company. Otherwise the lease does not impose any restrictions which affect dividends, additional debt and other leases.

The cost of finance leasing entered for the reporting year was EUR 264,000 (previous year: EUR 379,000).

26. Contingencies and contingent liabilities

As part of a fairly long-term project, several licences and associated services have been and are being sold to a service company. The project ends on 31 December 2011. At the end of this period, the contracting party has a pre-emptive tender right (contingent liability within the meaning of IAS 37) in relation to COR&FJA Deutschland GmbH worth EUR 23,818,000. Similarly, COR&FJA Deutschland GmbH has a simultaneous pre-emptive tender right in relation to a third party.

In the context of the lease purchase agreements of 15 December 2006 and 22 January 2007 between COR&FJA Deutschland GmbH and the licensee, COR&FJA AG, in addition to the transfer of the source code along with the development documentation for the COR.FJA Life Factory software, accepted a directly enforceable fixed liability guarantee to cover the discharge of all the liabilities of the lease purchaser, COR&FJA Deutschland GmbH, for the amount of EUR 132,000.

27. Further information on financial instruments

Objective and methods of financial risk management

Financial risk management is designed to put the COR&FJA Group in a position to recognise at an early stage all the significant risks to which it is potentially exposed, and to take appropriate countermeasures.

The potential risks to the COR&FJA Group associated with financial instruments consist notably of liquidity risks which can result in a company being unable to raise the funds needed to settle its financial liabilities; foreign exchange risks resulting from its activities in different currency areas; default risks arising from the nonfulfilment of contractual obligations by contracting parties; interest rate risks whereby movements in the market interest rate lead to a change in the fair value of a financial instrument; and interest-related cash flow risks, which lead to a change in the future cash flows of a financial instrument due to changes in market interest rates.

Organisation
The company has organised its risk management process along clear, functional lines. Specific tasks have been assigned to the individual organisational units involved in the risk management process:

Management Board:
The risk management process begins with the Management Board: as part of its overall control function, it sets out a clear definition of strategy, the types of business, and what are acceptable and unacceptable risks, based on the company's risk-carrying capacity, and defines the reasonable level of overall risk.

Risk Management:
Risk Management is responsible for actively managing and monitoring risk. Risk is reduced by active diversification and monitored to ensure it stays within set limits.

Risk Control:
Risk Control handles the group-wide standard identification, measurement and assessment of all risks. Risk Control checks that internal limits are complied with by measuring the risks and level of exposure.

Supervisory Board:
The Audit Committee of the Supervisory Board performs a supervisory function in relation to the company's risk limitation and risk management measures.

Credit risks (default risks)
Credit risk arises from a deterioration in the economic circumstances of the company's debtors or counterparties. This results firstly in a risk of partial or complete default on contractually agreed payments, and secondly a reduction in the value of financial instruments due to a poorer credit record.

Credit Risk Management is responsible for the operational measurement and management of credit risks. Its functions include, in particular, monitoring credit risk positions and exposure, and credit standing analysis.

In terms of credit risk, the group is only exposed to risk in relation to trade receivables. Adequate value adjustments have been made to cover the estimated default risk. As the credit standing of clients in the insurance and banking industry is generally good, the receivables are not insured. The maximum default risk is in principle equivalent to the nominal values minus value adjustments. There is no other loan collateral and there are no other risk-mitigating agreements (such as guarantees, land charges or pledges) in place. Usage reservations exist until payment is complete. For invoiced receivables, the net balance of additions to and write-backs of provisions was EUR 106,000 (previous year: EUR 267,000). The costs for the full write-off of receivables amount to EUR 1,016,000 (previous year: EUR 0). On the respective cut-off dates, trade receivables do not include any book values for which terms have been renegotiated, and which would otherwise be overdue.

There are no default risks in relation to cash and cash equivalents. These are invested with banks with a good rating.

There are no significant default risks in relation to the other financial assets.

Liquidity risks
Managing the liquidity risk includes ensuring that the company always has sufficient liquid funds or credit lines available to enable it to meet its payment obligations. The payment obligations consist of interest and redemption payments, among other things. The liquidity risk also includes the risk of not being able to obtain sufficient liquidity at the expected terms when required (refinancing risk).

Under the management mechanisms now in place, the daily holdings of cash and cash equivalents and the monthly rolling financial plans are monitored by the company's management. The purpose of liquidity management is to finance predictable deficits at standard market terms under normal market conditions. This means that both losses from borrowing capital at excessive interest rates and the investment of surplus funds at interest rates below the market level should be avoided.

Because of the company's large holdings of cash and cash equivalents, we consider the liquidity risk to be low at present. The COR&FJA Group has sufficient liquid funds to enable it to service its financial liabilities on which interest is payable. In addition, the company holds financial assets (trade receivables) for which there is a liquid market. These could be sold at short notice (factoring) to cover any liquidity requirement. The company has credit lines with banks that have so far not been drawn on.

In the past financial year and the previous year, there were no loan defaults or breaches of contract in relation to the company's own liabilities (such as the suspension of redemption or interest payments).

The company did not realise any income from writing off financial liabilities during the year under review or the previous year.

Market risks
Market risks result from changes in market prices. These cause the value attached to financial instruments or future payment flows from them to fluctuate. Market risks encompass interest rate, exchange rate and other price risks (such as commodity prices and equity prices).

On the balance sheet date, the company had a held-for-trading holding of 210,000 shares in plenum AG, which is listed on the Prime Standard of the German Stock Exchange. The share price closed at EUR 0.69 a share on 30 December 2009. The resulting price loss of EUR 23,000 was recognised under other operating expenses.

The COR&FJA Group is not exposed to other price risks (such as commodity prices or equity prices).

Interest rate risks
The income and operating cash flows of the group are not, on the whole, exposed to any interest rate risk. There are no significant interest rate risks in relation to its financial assets. The investment of cash and cash equivalents is done on a short-term basis and follows the normal market fluctuations. If all other parameters had remained unchanged, the company assumes that, in the year under review, interest rates would have been 10 basis points lower (higher). In this case, the net profit for 2009 would have been EUR 17,000 lower (higher) (in the previous year, EUR 19,000 lower (higher)) and the equity components would have been EUR 17,000 lower (higher) (in the previous year, EUR 19,000 lower (higher)).

The financial liabilities (on which interest is payable) have fixed interest rates. The company is not exposed to any interest rate risk for any category of financial liabilities.

Foreign exchange risks
The group is not exposed to any significant foreign exchange risks in its operating business. 77 per cent (previous year: 72 per cent) of its revenues are generated in eurozone countries, and the remainder in Switzerland, the US and Australia. The foreign exchange risk on the asset side in relation to trade receivables comes from receivables not denominated in euros, accounting for 10 per cent (previous year: 25 per cent). In the case of trade accounts payable, foreign exchange risks occur in relation to the 1 per cent (previous year: 7 per cent) of accounts payable not denominated in euros. No other balance sheet items are affected by foreign exchange risks.

Information on risk concentration ('cluster risks')

The company does not have any dependencies on the procurement side.

On the sales side, there tend to be concentrations of risk due to the geographic distribution of sales revenues: Germany accounts for a 75 per cent (previous year: 70 per cent) share of sales revenues.

Within trade receivables, there is no significant concentration on individual customers. In the year under review, the ten largest customers account for a 56 percent share of sales revenues (previous year: 57 per cent) and a 19 percent share of trade receivables (previous year: 50 per cent).

With regard to cash and cash equivalents, there is no concentration on individual institutions.

Book values, valuations and fair values

The fair values of the financial assets and liabilities as compared with the book values are as follows:

In 000 EUR	Valuation category	Book value 31.12.2009	Valuation in balance sheet under IAS 39			Valuation in balance sheet under IAS 17	Fair value
			Net book value	Fair value with no impact on earnings	Fair value effecting earnings		
Cash and cash equivalents	LaR	22,282	22,282	0	0	0	22,282
Securities	AfS	255	3	0	252	0	255
Trade receivables	LaR	23,793	23,793	0	0	0	23,793
Receivables from affiliated companies	LaR	49	49	0	0	0	49
Financial investments	AfS	2,901	2,901	0	0	0	n/a
Other financial receivables							
Primary financial assets	LaR	3,973	3,973	0	0	0	3,973
Derivative financial assets held for hedging purposes	n/a	31	0	0	31	0	31
Financial liabilities	FLAC	3,000	3,000	0	0	0	3,000
Amounts owed to affiliated companies	FLAC	135	135	0	0	0	135
Trade payables	FLAC	3,416	3,416	0	0	0	3,416
Other financial liabilities							
Liabilities on which no interest is payable	FLAC	10,516	10,516	0	0	0	10,516
Hire purchase liability	n/a	2,277	0	0	0	2.277	2,277
Including, on an aggregate basis, by valuation category							
Loans and Receivables	LaR	50,097	50,097	0	0	0	50,097
Available-for-Sale Investments	AfS	3,156	2,904	0	252	0	n/a
Liabilities Measured at Amortised Cost	FLAC	17,067	17,067	0	0	0	17,067

In 000 EUR	Valuation category	Book value 31.12.2009	Valuation in balance sheet under IAS 39			Valuation in balance sheet under IAS 17	Fair value
			Net book value	Fair value with no impact on earnings	Fair value effecting earnings		
Cash and cash equivalents	LaR	18,254	18,254	0	0	0	18,254
Securities	AfS	3	3	0	0	0	3
Trade receivables	LaR	13,081	13,081	0	0	0	13,081
Financial investments	AfS	6	6	0	0	0	n/a
Other financial receivables							
Primary financial assets	LaR	381	381	0	0	0	381
Derivative financial assets held for hedging purposes	n/a	84	0	0	84	0	84
Trade payables	FLAC	582	582	0	0	0	582
Other financial liabilities							
Liabilities on which no interest is payable	FLAC	5,991	5,991	0	0	0	5,991
Hire purchase liability	n/a	3,590	0	0	0	3,590	3,590
Including, on an aggregate basis, by valuation category							
Loans and Receivables	LaR	31,716	31,716	0	0	0	31,716
Available-for-Sale Investments	AfS	9	9	0	0	0	n/a
Liabilities Measured at Amortised Cost	FLAC	6,573	6,573	0	0	0	6,573

LaR: Loans and Receivables
AfS: Available-for-Sale Investments
FAhft: Financial Assets held for trading
FLAC: Financial Liabilities Measured at Amortised Cost

Valuation categories under IFRS 7.27
The information on the methods used to calculate fair values is presented in tabular form for each category of financial instruments using a three-level fair value hierarchy. There are three different valuation categories:

Level 1: On the first level, fair values are determined on the basis of publicly quoted market prices, as the best possible objective indication of the fair value of a financial asset or financial liability is observable in an active market.

Level 2: If there is not an active market in a financial instrument, companies use valuation models to determine the fair value. Valuation models include the use of the most recent business transactions between expert, contract-seeking, independent business partners, comparison with the current fair value of another virtually identical financial instrument, the use of the 'discounted cash flow' method, or of option pricing models. The fair value is estimated based on the results of a valuation method which uses as much market data as possible and hence is based as little as possible on company-specific data.

Level 3: The valuation methods used at this level are also based on parameters that cannot be observed on the market.

There are no assets in the valuation category 'Assets held until maturity'.

There are no liabilities in the valuation category 'Liabilities at fair value with direct effect on income'.

Cash and cash equivalents, trade receivables and other short-term financial accounts receivable on the whole have short remaining terms. Therefore their book values on the balance sheet date are approximately equivalent to the fair value.

The reported values for some securities are the acquisition costs, as no market prices are available.

000 EUR	31.12.2009				31.12.2008			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Available-for-Sale Investments	252	0	0	252	0	0	0	0
Derivative financial assets held for hedging purposes	31	0	0	31	84	0	0	84

Since, for financial investments, the price is not quoted on an active market and their fair value cannot be reliably determined, they are valued at their acquisition cost when recognised for the first time.

In the year under review the company used a derivative financial asset accounted for as a hedging instrument (fair value hedge) to hedge a foreign currency account receivable. The loss arising from the change in the fair value of the hedging instrument is EUR 29,000 (previous year: profit of EUR 4,000) and is reported under other operating expenses (previous year: other operating income). The profit from the change in the fair value of the underlying transaction in the year under review amounts to EUR 72,000 (previous year: EUR 116,000) and is reported under other operating income.

An interest rate swap expiring in November 2012 is being used to hedge against anticipated interest rate increases (cash flow hedge). The loss from the change in the fair value of the hedging instrument, which stands at EUR 28,000, is reported under interest paid.

The fair values of the financial liabilities are determined on the basis of the expected payment flows, discounted at an appropriate market interest rate. As these are short-term financial liabilities, their book values can be used as an approximate fair value.

Trade accounts payable and other financial liabilities on which interest is not payable routinely have short life spans; the values reported in the balance sheet are an approximate representation of their fair values.

The fair values of lease purchase liabilities are calculated as the present values of the payments relating to the liabilities, based on the internal rate of return.

Net income by valuation category

2009 in 000 EUR	Valuation category	From interest/ investment income	From revaluation			From disposals	Net result
			At fair value	Currency conversion	Value adjustment		
Loans and Receivables	LaR	-34	0	0	-910	0	-944
Available-for-Sale Investments	AfS	163	0	0	-28	0	135
Financial Liabilities Measured at Amortised Cost	FLAC	0	0	0	0	0	0
Hire-purchase liabilities	n/a	-264	0	0	0	0	-264
Total		**-135**	**0**	**0**	**-938**	**0**	**-1,073**

2008 in 000 EUR	Valuation category	From interest/ investment income	From revaluation			From disposals	Net result
			At fair value	Currency conversion	Value adjustment		
Loans and Receivables	LaR	548	0	0	267	0	815
Available-for-Sale Investments	AfS	0	0	0	0	0	0
Financial Liabilities Measured at Amortised Cost	FLAC	0	0	0	0	0	0
Hire-purchase liabilities	n/a	-379	0	0	0	0	-379
Total		**169**	**0**	**0**	**267**	**0**	**436**

Interest earned on financial instruments is reported in interest income. See note 8 under 'VII. Notes on the Profit & Loss Account'. Investment income is dealt with under 'VII.9. Investment income'.

The COR&FJA Group includes the remaining components of the net income under other operating expenses and other operating income.

Information on furnished and received collateral:
Financial assets which were put up as collateral – including collateral that can be sold or pledged by the recipient – cover the following items and book value entries. See also the information in the notes on the individual balance sheet items:

	2009 000 EUR	2008 000 EUR
Cash and cash equivalents	2,567	2,474
Trade receivables	6,000	0
Intangible assets	0	0
Total	**8,567**	**2,474**

Overall, as at 31 December 2009, financial assets worth EUR 8,567,000 (previous year: EUR 2,474,000) were furnished as collateral.

As security for the fulfilment of its obligations under the two lease purchase agreements, COR&FJA AG in each case deposited the source code and development documentation at a neutral location, through its subsidiary COR&FJA Deutschland GmbH. In addition, COR&FJA AG in each case accepted a directly enforceable fixed liability guarantee to cover the discharge of all the liabilities of the lease purchaser, COR&FJA Deutschland GmbH, to the value of EUR 132,000. The standard software COR.FJA Life Factory, which the source code and development documentation are for, has a book value of EUR 0.

The book value of the financial assets pledged as collateral where the collateralised party is entitled to sell or repledge the assets is EUR 6,000,000 (previous year: EUR 0).

Collateral is furnished to cover the following liabilities and contingent liabilities:

	2009 000 EUR	2008 000 EUR
Financial liabilities	3,000	0
Other financial liabilities	2,277	3,590
Total	**5,277**	**3,590**

The previous year, the COR&FJA Group received a bank guarantee to the value of EUR 370,000 in connection with a guarantee arrangement for a lease. This remains valid as at 31 December 2009.

28. Information on capital

IAS 1 provides information on equity and the management thereof, in order to facilitate the assessment of the risk profile and potential reactions to unexpected negative developments.

The objective of the company with regard to capital management is:

- to guarantee the company as a going concern, so that the company can continue in future to generate dividends for shareholders and benefits for other interest groups;
- the generation of reasonable yields for shareholders via a risk-commensurate pricing policy for products and services.

The COR&FJA Group defines the scope of capital in relationship to risk. The management and, if necessary, the adjustment of the capital structure are carried out on the basis of changes in the economic environment and changes to the risk characteristics of the underlying assets. In order to maintain and/or adjust the capital structure, dividend payments, capital repayments to shareholders, the issuing of new shares, the assumption or redemption of financial liabilities and the sale of assets for debt reduction are taken into consideration.

As in other companies, capital management in the COR&FJA Group, takes place on the basis of equity ratio. This quotient is calculated as equity to balance sheet total.

The strategy of the COR&FJA Group in 2009 (unchanged from 2008) consisted of maintaining the equity ratio above 50 per cent in order maintain financial resources at appropriate conditions. The equity ratios on 31.12.2009 and 31.12.2008 amounted to:

	2009 EUR	2008 EUR
Equity	69,051,377	26,631,104
Balance sheet total	108,579,875	44,340,619
Equity ratio	**64%**	**60%**

The COR&FJA Group is not subject to any external capital requirements and/or consequences from non-performance.

IX. NOTES ON THE CASH FLOW STATEMENT

The capital flow statement displays the origin and use of payment flows in the 2009 and 2008 financial years. Here payment flows from operating activities and from investment and financial activities are differentiated. The cash and cash equivalents cover all cash in hand, and bank balances available within three months and other liquid investments that can be exchanged for known sums of money at any time and are not subject to any significant risks to changes in value. The cash and cash equivalents correspond to cash and cash equivalents reported in the balance sheet as well as the units reported in 'VIII.2. Securities' to the value of EUR 107,000 in the reporting year.

Changes in cash and cash equivalents from operating activities are adjusted for effects from currency translation.

Changes in cash and cash equivalents from investment and financial activities are calculated in terms of sums paid.

Changes in cash and cash equivalents from continuing activities are, in contrast, indirectly derived from earnings before interest and taxes.

The main non-cash effects in the cash flow from operating activities were: depreciation of property, plant and equipment and intangible assets amounting to EUR 1,454, 000 (previous year: EUR 839,000).

From the changes to consolidation group due to increases amounting to EUR 6,069,000, EUR 5,962,000 is granted to cash and cash equivalents and EUR 107,000 to funds shares.

X. EARNINGS PER SHARE

The **undiluted earnings per share** for the 2009 financial year amount to EUR 0.04 (previous year: Euro 0.21).

The undiluted earnings per share are calculated by dividing the consolidated profit after minority interests by the weighted number of shares issued. The weighted number of shares issued for the 2009 financial year amounted to 25,760,602 (previous year: 21,202,066).

	2009 EUR	2008 EUR
Consolidated earnings that are attributed to the parent company	962,448	4,547,834
Weighted number of shares issued	25,760,602	21,202,066
Total	**0.04**	**0.21**

The change in the number of shares issued in comparison to the previous year is based on capital increase and shares buyback.

The **diluted earnings per share** for the 2009 financial year amounts to EUR 0.04 (previous year: EUR 0.21).

The diluted earnings per share are calculated assuming that all option rights in circulation are exercisable so that there is maximum potential for dilution. Since the stock market price of the COR&FJA AG share as per 31 December 2009 and as per the fixed date of the previous year was significantly lower than the exercise prices determined in the stock option programme and therefore the exercise thereof was unlikely, no fair-value measurement was undertaken.

XI. ASSUMPTIONS AND ESTIMATES

In the sections 'III Consolidation Group, 1 Subsidiary' and 'VIII Note on Balance Sheet, 9 Goodwill and other Intangible Assets' of the Notes, the main assumptions are presented that were taken as the basis for the impairment test for goodwill carried out on the fixed date.

Other important assumptions relevant for the future and major sources of estimation uncertainties available on the fixed date, which could constitute a considerable risk that within the next financial year a major adjustment of the recorded assets and debts could be necessary, do not exist. Further estimates and assumptions relevant for the future are explained in the individual items of the balance sheet and in the profit and loss staement.

XII. RELATIONSHIP TO ASSOCIATED PARTIES

Associated parties are the Management Board and the Supervisory Board of COR&FJA AG and msg group GmbH (formerly: GEDO Unternehmensverwaltungsgesellschaft mbH), Ismaning (formerly: Hürth), which has been the highest-level parent company of COR&FJA AG since 16 March 2009, including its subsidiaries and associated companies.

1. Total remuneration of the Management Board and the Supervisory Board

The remuneration of the Management Board, active in the financial year is EUR 4,572,000 (previous year: EUR 1,309,000). The remuneration is allocated as follows:

	31.12.2009	31.12.2008
	000 EUR	000 EUR
Short-term remuneration payable to employee	2,550	1,060
Remuneration arising from the termination of employment relationship	2,022	249
Total	**4,572**	**1,309**

Remuneration for previous Management Boards in 2009 amounted to EUR 55,000 (previous year: EUR 58,000). Pension provisions for former members of Management Boards amounted to EUR 1,260,000 on 31 December 2009 (previous year: EUR 669,000).

According to Section 314 Para. 1 (6a) (5) HGB, Section 314 Para. 2 (2) HGB in connection with Section 286 Para. HGB and Section 314 Para. 2 (4) (2) HGB, separate information about remuneration of every individual member of the Management Board is necessary:

	Fixed components	Performance-related components	Total
	000 EUR	000 EUR	000 EUR
Board of Directors			
Ulrich Wörner	365	144	509
Klaus Hackbarth [1]	203	136	339
Milenko Radic	233	116	349
Volker Weimer	205	66	271
Rolf Zielke [1]	173	136	309
Michael Junker [2]	1,262	108	1,370
Thomas Junold [2]	1,317	108	1,425
Total	**3,758**	**814**	**4,572**

[1] Board of Management member since 1 May 2009
[2] Board of Management member until 3 August 2009

The main content of the benefit arrangements for pension schemes, incapacity provision and provision for dependants, which were approved for the former members of the Management Board, Michael Junker and Prof. Dr Manfred Feilmeier, in the event of the termination of their activity, are as follows:

- Both men will receive a pension for life when they reach the age of 65 or in the case of occupational disability in line with Paragraph 23 AnVG or if they leave the company before the age of 65 in the case of termination of the contact or non-renewal thereof by the company.
- The monthly pension amounts to EUR 2.556.46 after the fulfilment of four years of employment. This is adjusted – also in the case of payment beginning before retirement – proportionally in line with the basic salary of a civil servant in Bavaria in the A 13 pension benefits group at the highest seniority level.
- At the time of their passing, their legal spouse will receive a widow's pension amounting to 25% of the pension. The widow's pension is terminated in the case of remarriage.
- Both men are entitled, in the case of payment due to attainment of pension age, to request a one-time capital payment of the sum of the converted present value of the pension commitment instead of a pension, as long as this request is communicated at least three years in advance. In this case, all claims lapse with this direct compensation.
- If they leave the company before payment begins, the pension entitlement earned is maintained. This will be calculated according to the share of the pension compensation that corresponds to the length of employment with the company from the time of taking up employment with the company to reaching the prescribed pension age, i.e. the age of 65.

Remuneration of the Supervisory Board amounts to EUR 184,000 (previous year: EUR 131,000), with EUR 0 of this for former Supervisory Boards (previous year: EUR 2,000).

	Fixed remuneration	Variable remuneration	Total
	000 EUR	000 EUR	000 EUR
Supervisory board			
Prof. Dr Elmar Helten	27	7	34
Klaus Kuhnle [2]	29	4	33
Thies Eggers [1]	10	2	12
Manfred Herrmann [1]	10	2	12
Prof. Dr Christian Hipp	16	4	20
Thomas Nievergelt	25	6	31
Dr Jochen Schwarz [1]	0	0	0
Dr Jens Seehusen [2]	21	3	24
Dr Klaus J. Weschenfelder [2]	16	2	18
Total	**154**	**30**	**184**

[1] Member of the Supervisory Board until 28 July 2009
[2] Member of the Supervisory Board since 28 July 2009

2. Share ownership of the Management Board and the Supervisory Board

The number of shares and options of the Management Board and the Supervisory Board on 31 December 2009:

	Number of shares	Number of options
Board of Directors		
Ulrich Wörner	440,571	139,766
Klaus Hackbarth	0	0
Milenko Radic	142,841	115,591
Volker Weimer	0	44,491
Rolf Zielke	0	0
Michael Junker (as of 03.08.2009)	929,947	0
Thomas Junold (as of 03.08.2009)	70,000	0
Supervisory Board		
Prof. Dr Elmar Helten	90,000	0
Klaus Kuhnle	0	0
Prof. Dr Christian Hipp	0	0
Thomas Nievergelt	152	0
Dr Jens Seehusen	0	0
Dr Klaus J. Weschenfelder	0	0
Thies Eggers (as of 28.07.2009)	35,398	0
Manfred Herrmann (as of 28.07.2009)	0	0
Dr Jochen Schwarz (as of 28.07.2009)	0	0

3. Other transactions with associated parties

Other associated companies and parties

There are no transactions with the members of the Management Board and the Supervisory Board in the financial year.

The following table contains the total amounts from transactions between related companies for the reporting year:

	Income from transactions with associated parties and companies		Expenses from transactions with associated parties and companies		Amounts due from associated parties and companies		Amounts payable to associated parties and companies	
	2009	2008	2009	2008	2009	2008	2009	2008
	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR	000 EUR
Associated companies								
a) msg systems AG, Ismaning	618.3	54.0	528.6	0.0	101.6	0.0	188.5	0.0
b) innovas GmbH, Hamburg	41.0	0.0	81.6	0.0	48.8	0.0	0.0	0.0
c) msg systems ag, Regensdorf, Switzerland	26.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
d) msg systems GmbH, Brunn am Gebirge, Austria	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e) msg global solutions Asia Ltd., Singapore	5.5	0.0	0.0	0.0	5.5	0.0	0.0	0.0
f) msg global solutions Iberia S.L.U., Madrid, Spain	11.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
g) CONOLAN GmbH, Ismaning	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
h) msgGillardon AG, Bretten	6.3	0.0	134.9	0.0	2.2	0.0	56.0	0.0

Thomas Nievergelt, member of the Supervisory Board, provided COR&FJA Feilmeier & Junker AG, Zurich (Switzerland), consulting services amounting to EUR 3,000.

4. Notifications in line with Section 21 Para. 1 and/or Section 26 Para. 1 of the German Securities Trading Act (WpHG)

16.02.2009

1) Mr Thomas Portig, Germany, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 13.02.2009 that due to shares his voting rights in FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 exceeded the threshold of 15% of the voting rights on 10.02.2009 and now amount to 15.35% (corresponding to 3268339 voting rights). 15.35% of the voting rights (corresponding to 3268339 voting rights) are attributed to Mr Portig in accordance with Section 22 Para. 1 (1) (1) of the German Securities Trading Act (WpHG) via Antares Beteiligungs GmbH.

2) Antares Beteiligungs GmbH, Munich, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 13.02.2009 that due to shares their voting rights in FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 exceeded the threshold of 15% of the voting rights on 10.02.2009 and now amount to 15.35% (corresponding to 3268339 voting rights).

02.03.2009

1) Mr Thomas Portig, Germany, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 27.02.2009 that due to shares his voting rights in FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 exceeded the threshold of 20% of the voting rights on 24.02.2009 and now amount to 21.29% (corresponding to 4533172 voting rights). 21.29% of the voting rights (corresponding to 4533172 voting rights) are attributed to Mr Portig in accordance with Section 22 Para. 1 (1) (1) of the German Securities Trading Act (WpHG) via Antares Beteiligungs GmbH.

2) Antares Beteiligungs GmbH, Munich, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 27.02.2009 that due to shares their voting rights in FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 exceeded the threshold of 20% of the voting rights on 24.02.2009 and now amount to 21.29% (corresponding to 4533172 voting rights).

12.03.2009

COR AG Financial Technologies, Leinfelden-Echterdingen, Germany, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 12.03.2009 that their voting rights in FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 exceeded the threshold of 3% and 5% of the voting rights on 11.03.2009 and on this day amount to 8.53% (corresponding to 1816535 voting rights).

16.03.2009

Mr Thomas Portig, Germany, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 16.03.2009 that his voting rights in the FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 did not meet the threshold of 20%, 15%, 10%, 5% and 3% of the voting rights on 11.03.2009 and on this day amount to 0% (corresponding to 0 voting rights).

16.03.2009

Gedo Unternehmensverwaltungsgesellschaft mbH, Hürth, Germany, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 11.03.2009 that their voting rights in the FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 exceeded the threshold of 3%, 5%, 10%, 15%, 20%, 25% and 30% of the voting rights on 11.03.2009 and on this day amount to 30.47% (corresponding to 6486535 voting rights).
30.47% (6486535 voting rights) are attributed to her in line with Section 22 Para. (1) (1) of the German Securities Trading Act (WpHG).
Attributed voting rights are held by the company that it controls whose voting rights in FJA AG amount to respectively 3% or more:

- msg systems ag, Ismaning
- COR AG Financial Technologies, Leinfelden-Echterdingen

msg systems ag, Ismaning, Germany, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 11.03.2009 that their voting rights in FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 exceeded the threshold of 3%, 5%, 10%, 15%, 20%, 25% and 30% of the voting rights on 11.03.2009 and on this day amount to 30.47% (corresponding to 6486535 voting rights).
8.53 % (1816535 voting rights) are attributed to her in line with Section 22 Para. (1) (1) of the German Securities Trading Act (WpHG).
Attributed voting rights are held by the company that it controls whose voting rights in FJA AG amount to respectively 3% or more:

- COR AG Financial Technologies, Leinfelden-Echterdingen

Mr Johann Zehetmaier, Germany, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 11.03.2009 that their voting rights in FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 exceeded the threshold of 3%, 5%, 10%, 15%, 20%, 25% and 30% of the voting rights on 11.03.2009 and on this day amount to 30.47% (corresponding to 6486535 voting rights).
30.47% (6486535 voting rights) are attributed to him in line with Section 22 Para. (1) (1) of the German Securities Trading Act (WpHG).
Attributed voting rights are held by the company that he controls, whose voting rights in FJA AG amount to respectively 3% or more:

- Gedo Unternehmensverwaltung GmbH, Hürth
- msg systems ag, Ismaning
- COR AG Financial Technologies, Leinfelden-Echterdingen

Ms Helga Zehetmaier, Germany, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 11.03.2009 that their voting rights in FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 exceeded the threshold of 3%, 5%, 10%, 15%, 20%, 25% and 30% of the voting rights on 11.03.2009 and on this day amount to 30.47% (corresponding to 6486535 voting rights).
30.47 % (6486535 voting rights) are attributed to her in line with Section 22 Para. (1) (1) of the German Securities Trading Act (WpHG).
Attributed voting rights are held by the company that it controls whose voting rights in FJA AG amount to respectively 3% or more:

- Gedo Unternehmensverwaltung GmbH, Hürth
- msg systems ag, Ismaning
- COR AG Financial Technologies, Leinfelden-Echterdingen

Mr Pius Pflügler, Germany, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 11.03.2009 that their voting rights in FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 exceeded the threshold of 3%, 5%, 10%, 15%, 20%, 25% and 30% of the voting rights on 11.03.2009 and on this day amount to 30.47% (corresponding to 6486535 voting rights).
30.47% (6486535 voting rights) are attributed to him in line with Section 22 Para. (1) (1) of the German Securities Trading Act (WpHG).
Attributed voting rights are held by the company that he controls, whose voting rights in FJA AG amount to respectively 3% or more:

- Gedo Unternehmensverwaltung GmbH, Hürth
- msg systems ag, Ismaning
- COR AG Financial Technologies, Leinfelden-Echterdingen

Mr Herbert Enzbrenner, Germany, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 11.03.2009 that their voting rights in FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 exceeded the threshold of 3%, 5%, 10%, 15%, 20%, 25% and 30% of the voting rights on 11.03.2009 and on this day amount to 30.47% (corresponding to 6486535 voting rights).
30.47% (6486535 voting rights) are attributed to him in line with Section 22 Para. (1) (1) of the German Securities Trading Act (WpHG).

Attributed voting rights are held by the company that he controls, whose voting rights in FJA AG amount to respectively 3% or more:

- Gedo Unternehmensverwaltung GmbH, Hürth
- msg systems ag, Ismaning
- COR AG Financial Technologies, Leinfelden-Echterdingen

16.03.2009

Antares Beteiligungs GmbH, Munich, Germany, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 16.03.2009 that their voting rights in the COR&FJA AG, Leinfelden-Echterdingen, Germany, ISIN DE0005130108, security number 513010 did not meet the threshold of 20%, 15%, 10%, 5% and 3% of the voting rights on 11.03.2009 and on this day amount to 0% (corresponding to 0 voting rights).

11.05.2009

Baden-Württembergische Investmentgesellschaft mbH, Stuttgart, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 11.05.2009 that their voting rights in FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 did not meet the threshold of 3% of the voting rights on 07.05.2009 and on this day amount to 0% (corresponding to 0 voting rights).

13.05.2009

Wüstenrot Holding AG, Ludwigsburg, Germany, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 12.05.2009 that their voting rights in FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 did not meet the threshold of 3% of the voting rights on 07.05.2009 and on this day amount to 0% (corresponding to 0 voting rights).

Wüstenrot & Württembergische AG, Stuttgart, Germany, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 13.05.2009 that their voting rights in FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 did not meet the threshold of 3% of the voting rights on 07.05.2009 and on this day amount to 0% (corresponding to 0 voting rights).

Württembergische Lebensversicherung AG, Stuttgart, Stuttgart, Germany, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 13.05.2009 that their voting rights in FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 did not meet the threshold of 3% of the voting rights on 07.05.2009 and on this day amount to 0% (corresponding to 0 voting rights).

19.10.2009

Mr Michael Junker, Germany, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 16.10.2009 that his voting rights in FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 did not meet the threshold of 3% of the voting rights on 29.09.2009 and on this day amount to 2.17% (corresponding to 929,947 voting rights).

21.10.2009

COR&FJA AG notified us in accordance with Section 26 Para. 1 (2) of the German Securities Trading Act (WpHG) on 21.10.2009 that their voting rights in COR&FJA AG, Leinfelden-Echterdingen, Germany, ISIN: DE0005130108, security number: 513010, exceeded the threshold of 3% of voting rights on 19.10.2009 and on this day amounted to 4.45% (corresponding to 1906592 voting rights).

06.04.2010

LBBW Asset Management Investmentgesellschaft mbH, Stuttgart, Germany, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 31.03.10 that their voting rights in FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 exceeded the threshold of 3% of the voting rights on 30.03.10 and on this day amounted to 3.108% (corresponding to 1330385 voting rights).
3.108% of the voting rights (corresponding to 1330385 voting rights) are to be assigned to the company pursuant to Section 22 Para. 1 (1) (6) of the WpHG by the Baden-Württembergische Versorgungsanstalt für Ärzte, Zahn- und Tierärzte, Tübingen, Germany.

09.04.2010
Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte, Tübingen, Germany, notified us in accordance with Section 21 Para. 1 of the German Securities Trading Act (WpHG) on 01.04.10 that their voting rights in FJA AG, Munich, Germany, ISIN DE0005130108, security number 513010 exceeded the threshold of 3% of the voting rights on 30.03.10 and on this day amounted to 3.11% (corresponding to 1330385 voting rights).

5. Releases according to Article 26a, Section 1 of the the German Securities Trading Act (WpHG)

05.10.2009
FJA AG hereby announces that at the end of the month September 2009 the number of Voting Rights amounts to a total of 42802453 Voting Rights.

XIII. INFORMATION ON THE MANAGEMENT BODIES

The members of the Supervisory Board are:

Prof. Dr Elmar Helten
Chairman, President of Bayerisches Finanz Zentrum, Munich
Deputy Chairman of the Supervisory Board at FidesSecur Versicherungsmakler GmbH in Munich; Member of the Supervisory Board at Delta Lloyd Lebensversicherungs AG; Member of the Supervisory Board at Delta Lloyd Deutschland AG; both of which have their headquarters in Wiesbaden; Member of the Supervisory Board at EUROPÄISCHE Reiseversicherung AG, Munich

Klaus Kuhnle
(since 28.07.2009), Deputy Chairman, management consultant, Grünwald
Member of the Advisory Council of the Deutsche Gesellschaft für Personalführung e.V. (DGfP) and Chairman of the Advisory Council at dmc digital media center GmbH, Stuttgart

Prof. Dr Christian Hipp
university professor, Karlsruhe
Member of the Supervisory Board of the Kölner Pensionskasse, Cologne

Thomas Nievergelt
lic. iur., solicitor and notary, Samedan/Switzerland
Head of the municipal authority (executive president) of Samedan; President of the Supervisory Board of Academia Engiadina AG, Samedan; Member of the Supervisory Board of Roland Berger AG, Zurich; Supervisory Board COR&FJA Schweiz AG, Zurich, Vice President of the Board of Trustees at the Planta Foundation, Samedan; President of the Engadiner Lehrwerkstatt für Schreiner Foundation ('Training Workshop for Carpenters') in Samedan

Dr Jens Seehusen
(since 28.07.2009),
graduate physicist, actuary, Hamburg

Dr Klaus J. Weschenfelder
(since 28.07.2009),
graduate mathematician, actuary, Cologne

Thies Eggers
(until 28.07.2009), auditor and tax consultant, Pullach
Chairman of the Supervisory Board of Bayerische Gewerbebau AG, Munich; Member of the Supervisory Board of Allgeier Holding AG, Munich; Member of the Supervisory Board of Allgeier IT Solutions AG, Munich; Member of the Supervisory Board of Softcon AG, Munich

Manfred Herrmann
(until 28.07.2009),
graduate economist, Munich
Chairman of the Management Board of 7id Technologies GmbH, Graz

Dr Jochen Schwarz
(until 28.07.2009), graduate mathematician, Global Head of Bank Distribution of Zurich Financial Services, Zurich, and member of the Holding Board of Management at Zurich Deutschland AG Wiesbaden
Deputy Chairman of the Deutsches Institut für Altersvorsorge, Frankfurt; Chairman of the Supervisory Board of Zurich Vida SA, Barcelona; Chairman of the Supervisory Board of Bansabadell Vida SA, Barcelona; Chairman of the Supervisory Board of Bansabadell Pensiones SA, Barcelona; Chairman of the Supervisory Board of Bansabadell Seguros General SA, Barcelona; Chairman of the Supervisory Board of Deutscher Pensionsfonds AG, Bonn; Member of the Supervisory Board of Zurich Life and Pensions SPA, Milan; Member of the Supervisory Board of Zurich Investments Life, Milan; Member of the Advisory Council of the Bonner Akademie, Bonn

The members of the Management Board are:
Ulrich Wörner (as of 19.10.2009),
(with direct responsibility for the Sales and Finance divisions and the national subsidiaries in Austria and Switzerland, Chairman), graduate mathematician, Leinfelden-Echterdingen
Managing Director of COR&FJA Systems GmbH, Leinfelden-Echterdingen

Klaus Hackbarth (as of 01.05.2009),
(with direct responsibility for Human Resources, International (apart from DACH), Legal, P&C Projects & Customers and Financial Integration International divisions, Deputy Chairman), graduate in fiscal affairs (FH [University of Applied Science]), Munich
Managing Director of COR&FJA Systems GmbH, Leinfelden-Echterdingen (since 07.12.2009); Managing Director of COR&FJA Deutschland GmbH, Munich (since 08.05.2009); Managing Director of FJA bAV Service GmbH, Munich (since 08.05.2009); Managing Director of PYLON GmbH, Hamburg (since 08.05.2009); Member of Board of Directors of FJA-US, Inc., New York (since 22.06.2009)

Milenko Radic (as of 19.10.2009),
(with direct responsibility for Products Insurance and Shared Services), graduate information systems specialist, Leinfelden-Echterdingen
Managing Director of COR&FJA Systems GmbH, Leinfelden-Echterdingen, Managing Director of COR&FJA Deutschland GmbH, Munich (since 07.12.2009)

Volker Weimer (as of 19.10.2009),
(with direct responsibility for Banking and IT Services) graduate in business management/IT (ADV), Leinfelden-Echterdingen
Managing Director of COR&FJA Systems GmbH, Leinfelden-Echterdingen; Managing Director of COR&FJA Deutschland GmbH, Munich (since 07.12.2009); Managing Director of COR&FJA Alldata Systems GmbH, Leinfelden-Echterdingen; Managing Director of COR&FJA application service providing GmbH, Cologne

Rolf Zielke (as of 01.05.2009),
(with direct responsibility for the Life Projects & Customers division), Munich
Managing Director of COR&FJA Systems GmbH, Leinfelden-Echterdingen (since 07.12.2009); Managing Director of COR&FJA Deutschland GmbH, Munich (since 08.05.2009); Managing Director of FJA bAV Service GmbH, Munich (since 08.05.2009); Managing Director of PYLON GmbH, Hamburg (since 08.05.2009); Member of Board of Directors of FJA-US, Inc., New York (since 22.06.2009)

Michael Junker (until 03.08.2009),
(spokesperson), graduate in industrial engineering, Munich
Member of Board of Directors at FJA-US, Inc., New York (until 22.06.2009)

Thomas Junold (until 03.08.2009),
graduate mathematician, Munich
Member of Board of Directors at FJA-US, Inc., New York (until 22.06.2009)

XIV. DECLARATION OF COMPLIANCE WITH THE GERMAN CODE OF CORPORATE GOVERNANCE

In December 2009, the executive and supervisory Boards of COR&FJA AG submitted their updated declaration of compliance by COR&FJA AG with the German Code of Corporate Governance under Section 161 of the German Stock Corporation Act (AktG) and made it permanently available to the shareholders on the company's website:
http://cor.fja.com/en/investor-relations/corporate-governance/declarations-of-compliance.html

XV. EVENTS AFTER THE BALANCE SHEET DATE

Events the balance sheet date and the date of release of the consolidated financial statement to the Supervisory Board by the Management Board, 14 April 2010, have been taken into account.

Purchase of a further 25.1% in COR&FJA Alldata Systems GmbH.
With effect from 15 March 2010, COR&FJA AG purchased a further 25.1% of the equity in COR&FJA Alldata Systems GmbH, Leinfelden-Echterdingen, from Sal. Oppenheim jr. & Cie. S.C.A., Luxembourg/ Luxembourg. The purchase price of EUR 1,255,000 was paid in cash.

Audit Certificate

We have carried out an audit of the consolidated financial statement – consisting of the balance sheet, profit and loss statement, consolidated statement of comprehensive income, statement of changes in equity, cash flow statement and notes – as well as the condensed management report and the Group management report for the financial year from 1 January to 31 December 2009 drawn up by COR&FJA AG (formerly FJA), Leinfelden-Echterdingen. The drawing up of the consolidated financial statement, the condensed management report and the Group management report pursuant to the IFRS, as applicable in the EU, and the regulations under German commercial law as per Section 315a, Para. 1 German Commercial Code (HGB) that apply supplementary to these, is the responsibility of the company's legal representatives. Our task is to submit an assessment of the consolidated financial statement as well as the condensed report and the Group management report based on the audit conducted by us.

We carried out our Group audit in accordance with Section 317, HGB in consideration of the auditing standards generally accepted in Germany that were established by the German Institute of Auditors (IDW). These stipulate that the audit must be planned and conducted in such a way that irregularities and infringements that could materially affect the picture of the assets, financial and earnings position of the Group communicated by the consolidated financial statement in compliance with the applicable accounting rules and by the condensed management report and the Group management report can be established with a sufficient degree of certainty. When the audit activities were determined, account was taken of existing knowledge about the business operations of the Group and the commercial and legal environment in which it operates, as well as expectations of possible errors. The effectiveness of the internal accounting control system and evidence of the amounts and disclosures in the consolidated financial statements and the condensed management report and Group management report are examined primarily on a sample basis within the framework of the audit. The audit includes an assessment of the financial statements of the companies included in the consolidated financial statements, the delimitation of the consolidated entity, the accounting and consolidation principles applied and the significant estimates made by the legal representatives, as well as an evaluation of the overall presentation of the consolidated financial statements and the condensed management report and Group management report. We believe that our audit provides a sufficiently sound basis for our assessment.

Our audit did not give rise
to any objections.

In our estimation, based on the information gathered during the course of the audit, the consolidated financial statements comply with the IFRS, as applicable in the EU, and the regulations under German commercial law as per Section 315a, Para. 1 HGB that apply supplementary to these, and, in compliance with these regulations, communicate a true and accurate picture of the assets, financial and earnings position of the Group. The condensed management report and Group management report are consistent with the consolidated financial statements, communicate an accurate overall picture of the Group's situation and accurately describe the opportunities and risks of future development.

Munich, 16 April 2010

kleeberg audit GmbH
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

	ppa.
Petersen	Schmidt
Auditor	Auditor

Declaration by the statutory representatives

UNDER SECTION 297 PARA. 2 SENTENCE 4 AND SECTION 315 PARA. 1 SENTENCE 6 OF THE GERMAN COMMERCIAL CODE

'We affirm to the best of our knowledge that, in accordance with the applicable accounting principles, the consolidated financial statements convey a true and fair picture of the assets, financial and earnings position of the Group, and that the course of business, including the business results, and the position of the Group are presented in such a way in the management report and the Group management report that a true and accurate picture is communicated and the opportunities and risks of the Group's likely future development are described.'

Leinfelden-Echterdingen, 14 April 2010

Ulrich Wörner
Chairman of the Management Board

Klaus Hackbarth
Deputy Chairman of the Management Board

Milenko Radic
Member of the Management Board

Volker Weimer
Member of the Management Board

Rolf Zielke
Member of the Management Board

Financial calendar

30 April 2010	Publication of company and consolidated financial statements for 2009
20 May 2010	Publication of report for 1st quarter of 2010
13 August 2010	Publication of report for 1st half-year 2010
17 August 2010	Publication of report for 1st half-year 2010
19 November 2010	Publication of report for 1st – 3rd quarters 2010
November 2010	Analysts' conference

Please note

We have dispensed with printing the individual financial statement of COR&FJA AG, which you can download from our website or order by telephone.

Further up-to-date information about COR&FJA can also be found on the Internet at www.cor.fja.com.

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