People are different

Annual Report 2007
MAXDATA AG

Summary of Financial Data

All figures as per IFRS in million EUR	2007	2006	2005
Turnover	468.8	524.8	657.4
Operative results (EBIT)	–32.9	–42.8	–34.9
Consolidated net loss for the year	–33.7	–46.5	–39.6
Equity	46.8	80.5	127.8
Balance sheet total	180.4	214.0	277.1
Equity ratio	26 %	38 %	46 %
Cash flow	–0.9	14.2	–26.2
Employees	1,019	1,178	1,243
Earnings per share (in EUR)	–1.21	–1.66	–1.41
Share price (high/low) (in EUR)	2.52/1.17	3.33/1.02	5.35/2.52

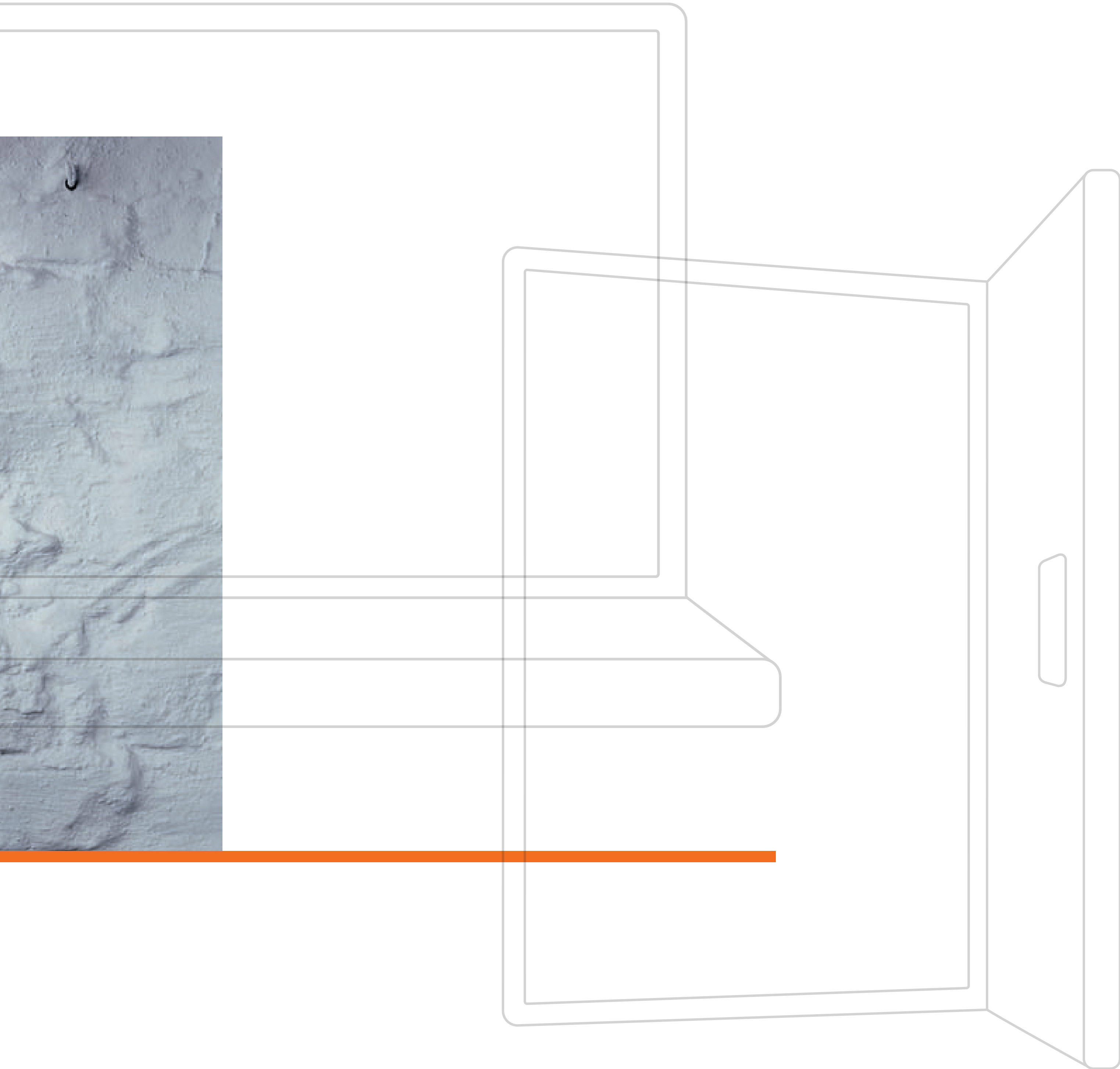
Contents

Individual hardware for business customers and consumers

For many years, MAXDATA has been one of the leading European IT producers. With the MAXDATA brand, the company has concentrated on the business customer market and demonstrates solution competence with high-quality servers and desktop computers and notebooks that are designed to meet the needs of different industries.

The Belinea name now stands for notebooks, PCs, and displays as well as uniformly designed accessories in three new product lines. All products are precisely adapted to their users' lives and can be perfectly combined within a line. The new Belinea hardware now provides a uniform design for all IT equipment: for business customers, who are exclusively served by qualified specialist resellers, and now for private IT users via the consumer channel.

Belinea Story #1: MAXDATA established the Belinea monitor brand in 1991. This was the starting point for a success story that is almost without parallel in the world of IT. Just three years later, Belinea brand monitors were the market leader in Germany. This was quickly expanded to cover the whole of Western Europe. The Belinea Story is now to continue with the new product concept.



Report for the 2007 business year

To our Shareholders, Employees, and Friends of the Company

Ladies and Gentlemen,
The 2007 business year was a year of change and new beginnings at MAXDATA. 20 years after establishing the company, we have now completed a fundamental change to the strategy that makes the MAXDATA Group fit for the future with new products and services.

The outstanding success of the past year was the start of our new Belinea product lines. We initially analyzed user needs in detail and then created three product lines that are perfectly matched to the needs of each user. The Belinea o.line, b.line and s.line provide tailor-made functions for private use at home, in the office and when traveling. They are not only functionally adapted to the various user groups – their design is too. What is revolutionary about the new Belinea concept is that we offer customers a uniform appearance for all IT products – from the notebook to the monitor, from the mouse to the external keyboard.

Important news at MAXDATA: For the first time, we are not only addressing our products to companies and public authorities but also to private users. This represents a paradigm shift for our company. For almost two decades, we focused on matching our products and services to the needs of corporate and business customers. By opening up the end user market, we are now also considering the fact that retailers are a preferred purchasing source for computer technology for ever-increasing numbers of business people. In addition, notebooks and flat screens are increasingly a fashion product - especially for young people – and MAXDATA wants to set the trend here.

In future, specialist dealers will remain a key element for our sales strategy. We have a network of 10,000 specialist dealers and system houses across Europe that very successfully sell MAXDATA and Belinea products, and this network has grown over two decades. This dealer network is also our most important sales partner for the Belinea line concept. Just in spring 2007, we started a new partner program in which we substantially improved payment scales for our contract partners and made them even more profit-focused.

Other innovations affect our state-of-the-art production plant in Würselen near Aachen. Since June 2007, this MAXDATA Group subsidiary has been called MANULOGS Manufacturing and Logistic Services GmbH. This means that, for the first time, other companies can also benefit from the flexible and efficient production by highly qualified and committed employees. MANULOGS provides assembly and logistics services for all aspects of modern information technology.

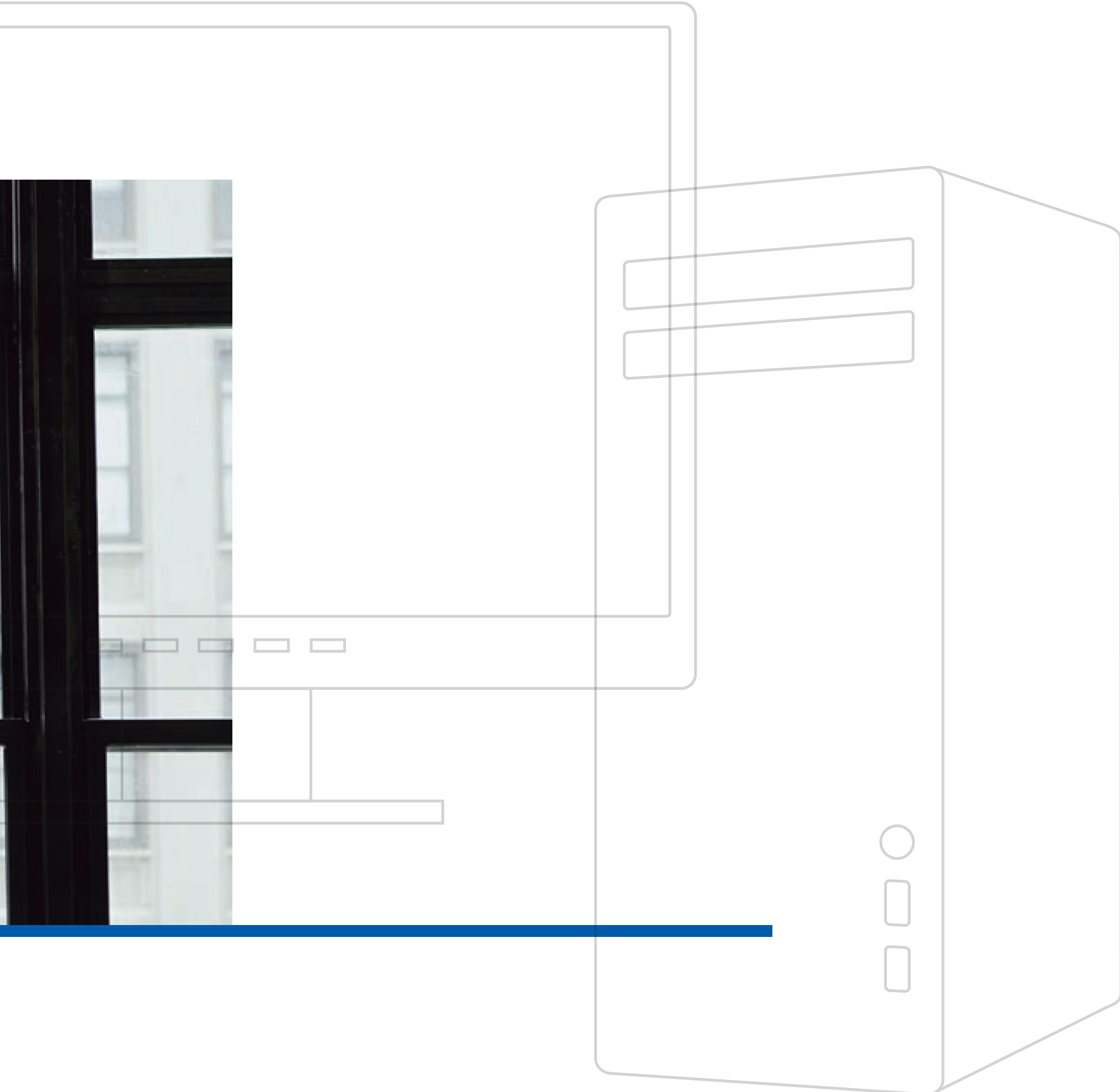
We have also selected a similar model for our international service units. Under the name SLP Solutions GmbH, this subsidiary of the MAXDATA Group has also been providing its professionalism and experience to other manufacturers, distributors and dealers since November 2007. SLP Solutions is much more than simply a "trouble-shooting service" for defective IT hardware: It also offers highly professional, Europe-wide services on all aspects of maintenance, repair and exchange of IT products.

The Management Board and management of MAXDATA are convinced that this new strategy will be a great success. It gives us a unique position and a key competitive advantage. Our new products and services are a clear signal to the market: MAXDATA, the only publicly traded German computer manufacturer, is going on the offensive again. We therefore enter the 2008 business year with great confidence! We would like to thank all of our employees, business partners, customers and shareholders for believing in the company and for supporting this route.

Yours sincerely,

Thomas Stiegler

Belinea Story #2: 16 years after launching Belinea it was time to expand the innovative power and brand potential to other products. Of course, it was not enough to simply copy the name – a completely new concept was developed: The Belinea Line Concept. Three lines, three designs, three target groups.



The Belinea Line Concept

With the line concept, we have developed Belinea from a successful monitor brand into a complete, innovative IT series. The line concept comprises the o.line, b.line, and s.line product lines. Each of the three Belinea lines is designed to precisely fulfill the requirements of specific target groups and has a unique, unified design: from notebooks and monitors, all the way to the mouse and external keyboard. As a result, we offer users three product lines in a unified, harmonious design so that all IT products on their desk will match.

The consistency within the individual lines with regards to technology and design makes it easy for customers to quickly find the right product: Whereas the Belinea o.line addresses fashion-conscious consumers with its young, fresh design, the b.line is the right one for professional users and for business computing in its most modern form, while s.line products have been designed for users with the highest design and technology demands.

The new Belinea products have been available from specialist dealers since September 2007; there are also plans to increasingly sell to private users via retailers. MAXDATA is also serving traditional business customers with the Belinea line concept. The b.line, in particular, offers custom solutions designed to meet the requirements of business life.

Belinea o.line

Belinea b.line

The Belinea o.line

The o.line is the line for curious trendsetters. Modern users who take pleasure in a fresh design are well accommodated here. The o.line delivers technology that can be employed easily and flexibly. All products in this line have a young, trendy look and meet the highest standards when it comes to user friendliness.

The Belinea b.line

The b.line is for professional users and therefore represents business computing in its most modern form. Outstanding service, current technology, and excellent value are all combined. All products have a classic, timeless design and are compatible, durable, and robust – perfect for the needs of business customers.

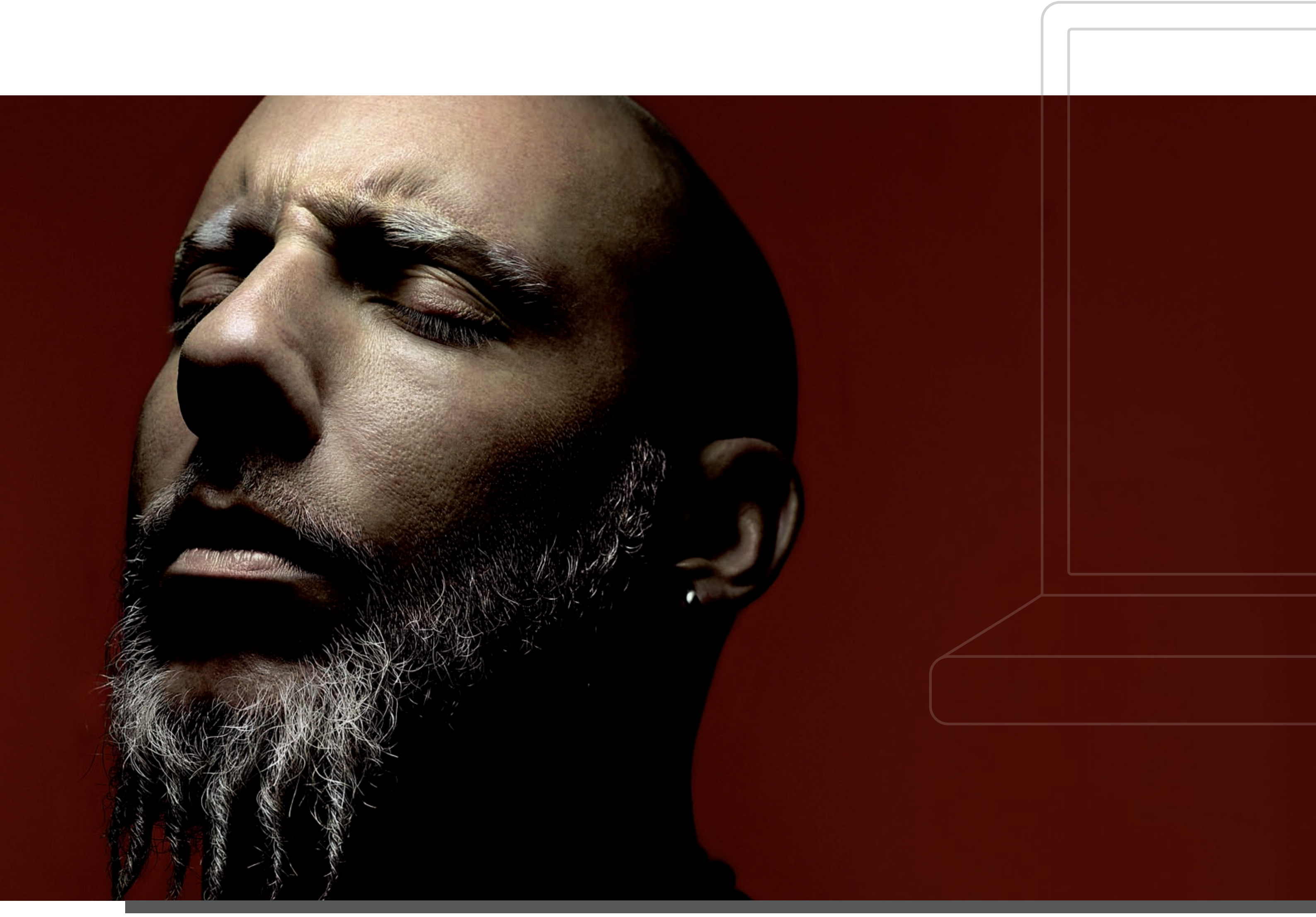
The Belinea s.line

Users with high demands in terms of design, technology, and exclusiveness will find the s.line to be the ideal product: Selected high-tech devices with esprit. Superior, top performance combined with long-lasting elegance that is showing the way. This sophisticated line is suited both to professional as well as private use.

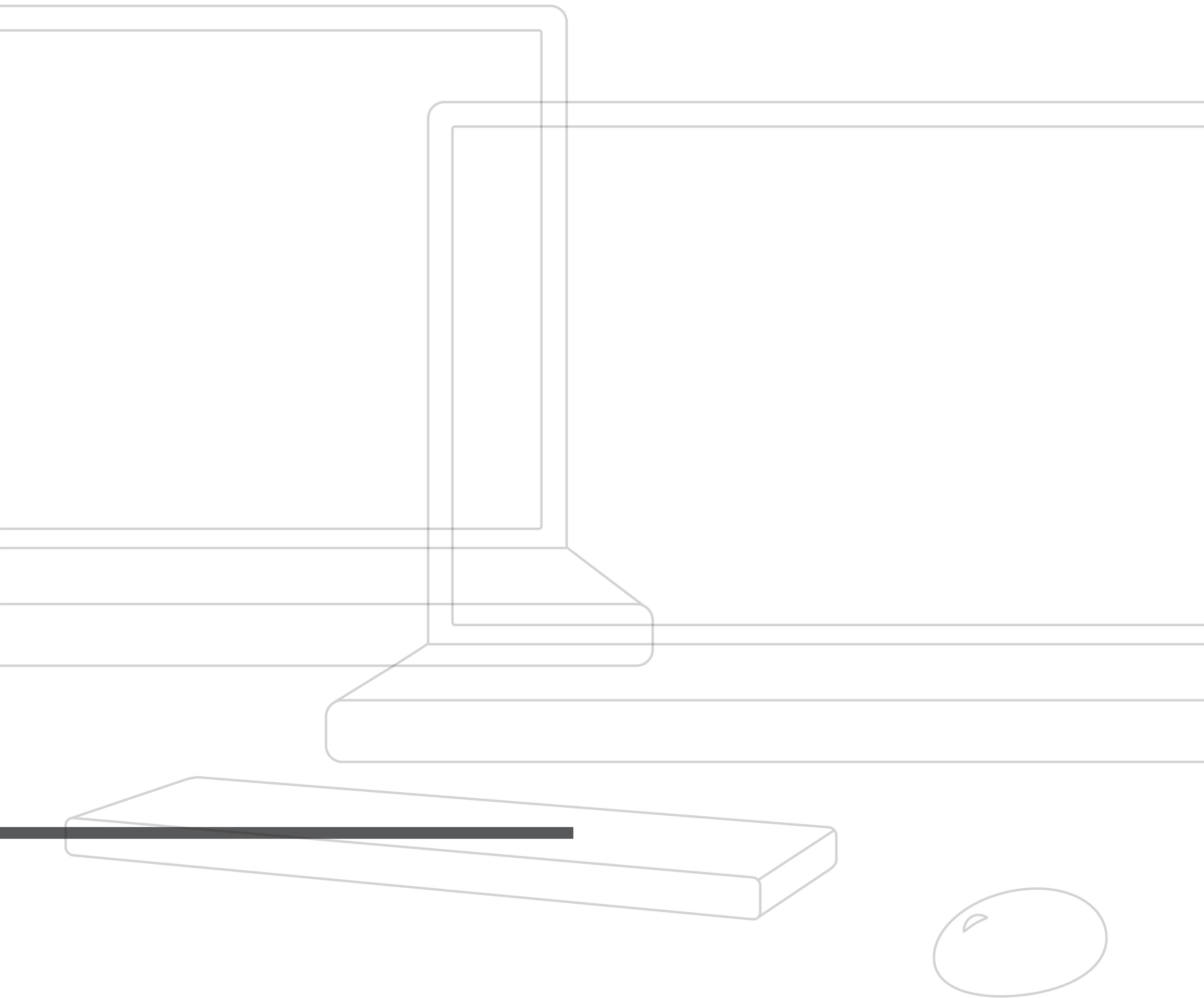
Various feature levels within the lines offer both the customer as well as the vendor additional guidance, allowing them to more quickly and purposefully choose the product that best meets their requirements.

Belinea

s.line



Belinea Story #3: Quality available to all: Many new Belinea products can be purchased directly by end customers. This is new. What is not new is that MAXDATA is a strong partner to specialist dealers. And that will not change. With our partner program, we continue to invest in this successful collaboration and provide specialist dealers with additional revenue potential via new products and design.



New corporate strategy

In the past business year, MAXDATA has fundamentally changed its range of products and services. Three product lines were designed under the trusted Belinea brand that match the needs of individual customer groups even more closely than in the past. In addition, private users are addressed for the first time with a variety of new Belinea products. That implied a change of strategy in the 20th year of the MAXDATA Group's existence. It aims to develop new customer groups and earn greater market share with innovative products and services. The Management Board is convinced that with this new strategy the company is better prepared for ever tougher competition and will return to profitability in the long term.

MAXDATA

Ongoing focus on business customers

Even after the realignment of the product portfolio, MAXDATA's core business remains focused on business customers. MAXDATA's main target group still comprises businesses in every industry and of every size, as well as governmental agencies, associations, and institutions. These MAXDATA customers are served by a tight network of qualified specialist dealers and distributors across Europe. The range of services offered by these sales partners includes consulting and hardware implementation as well as improving existing IT systems and even maintenance and repair services.

manuLogs
MANUFACTURING | LOGISTICS | SERVICES

MANULOGS opens itself to orders from third parties

Since May 2007, the MAXDATA production plant in Würselen near Aachen has also opened to new customer groups under the name MANULOGS Manufacturing and Logistic Services GmbH. The MAXDATA Group subsidiary has opened itself to orders from third parties and stands for strong assembly and logistics services for all kinds of modern information technology. MANULOGS can provide all services from purchasing and procurement in a global environment to engineering and even Europe-wide logistics and after-sales services. Customers can "select" the entire range of services in a modular fashion from a "building kit."

MANULOGS aims to establish itself on the German and European market as a specialist for supply chain services. As a result of the highly modern, fully automated and SAP-guided process management, the company can now operate at a fully competitive capacity all across Europe. Labor cost-related disadvantages at the Germany-based location are more than compensated for by the high quality, automation and logistics benefits. The ability to take on large-scale orders or even producing a batch size of just 1 is virtually unique in Europe.

SLP Solutions
Service & Logistic Processes

Service from a single source from SLP Solutions

Since last year, the international MAXDATA service units have also been providing their professionalism and experience to other manufacturers, distributors, and dealers under the new name of SLP Solutions GmbH. The service from a single source ranges from product-specific qualifications for technicians to managing the deployment of service staff and international providers and even system-supported quality monitoring and the management of complex component logistics. For example, SLP Solutions offers a warranty exchange service for monitors and on-site service for PCs and servers. SLP Solutions has developed into the market leader in Europe with the 2-Day Sprint service for notebooks.

Belinea Story #4: Belinea stands for personal support. As with the specialist dealer concept, retail partners also have a dedicated sales team member at their side to offer advice. Our team members have many years of experience. MAXDATA has been working with retailers successfully in other countries for a long time. This will pay off. Guaranteed.

The MAXDATA share

MAXDATA is the only publicly-traded computer manufacturer that produces the majority of the desktops, notebooks, and servers it sells in Germany. This is the basis of MAXDATA's business model, which covers quick and flexible production that meets the customers' demands. The short transport routes enable ideal delivery times and rapid repair and servicing.

The company was established in 1987 and adopted a built-to-order system in the 90s. Built-to-order means immediate and tailor-made production after receiving an order. MAXDATA was one of the first IT companies to introduce this manufacturing principle. In order to consistently improve the results of this experience advantage, MAXDATA constantly works on reducing vertical integration for individual products.

In addition to this ongoing process of improvement, MAXDATA has undertaken a fundamental realignment of its product and service portfolio this year. Three product lines were designed for the trusted Belinea brand. These include, in addition to monitors, other hardware products such as notebooks and desktops that can now also be purchased by private users.

Since May 2007, the MAXDATA production plant in Würselen near Aachen has also opened to new customer groups under the name MANULOGS Manufacturing and Logistic Services GmbH and now handles third-party orders. Since last year, the international MAXDATA service units have also been providing their professionalism and experience to other manufacturers, distributors and dealers under the new name of SLP Solutions GmbH.

MAXDATA's products are now sold successfully by nine European subsidiaries. MAXDATA supplies products to 19 countries via foreign distribution partners who act as importers and, in coordination with MAXDATA, perform sales and marketing functions.

2007 stock price performance

MAXDATA was first offered on the Frankfurt Stock Exchange on 9 June 1999, and has been listed on the Prime Standard stock market segment since 1 January 2003. Listing on the stock exchange forces higher transparency requirements consistent with international standards. In 2007, the share price showed generally positive development. The starting price in January was EUR 1.63 and the stock closed the year at EUR 2.52. This represents around a 55 percent increase in value. The lowest point was reached on 13 March 2007 at EUR 1.17. MAXDATA reached its highest value on 1 November 2007 at EUR 3.71, more than double the price at the start of the year.

Comprehensive investor information

In 2007, the hardware industry was characterized by generally rising demand but sustained falls in prices. This market environment, the ongoing restructuring of the MAXDATA Group, and the renewal of the product portfolio made a precise forecast of business development difficult in the past business year. Faced with complicated framework conditions, management maintained the principle of informing investors quickly and comprehensively about developments over the course of the business year. Transparent communication was ensured through ad-hoc statements, quarterly reports, and analyst discussions, as well as press releases, interviews and a so-called press breakfast held by Management Board spokesman Thomas Stiegler. The MAXDATA homepage at www.maxdata.com provides to investors current and comprehensive information on the company's business performance, the realignment of the product portfolio and the subsidiaries. The Management Board will provide a detailed report on the past business year at the Annual Shareholders' Meeting in Dortmund on 9 April 2008.

The MAXDATA shareholder structure

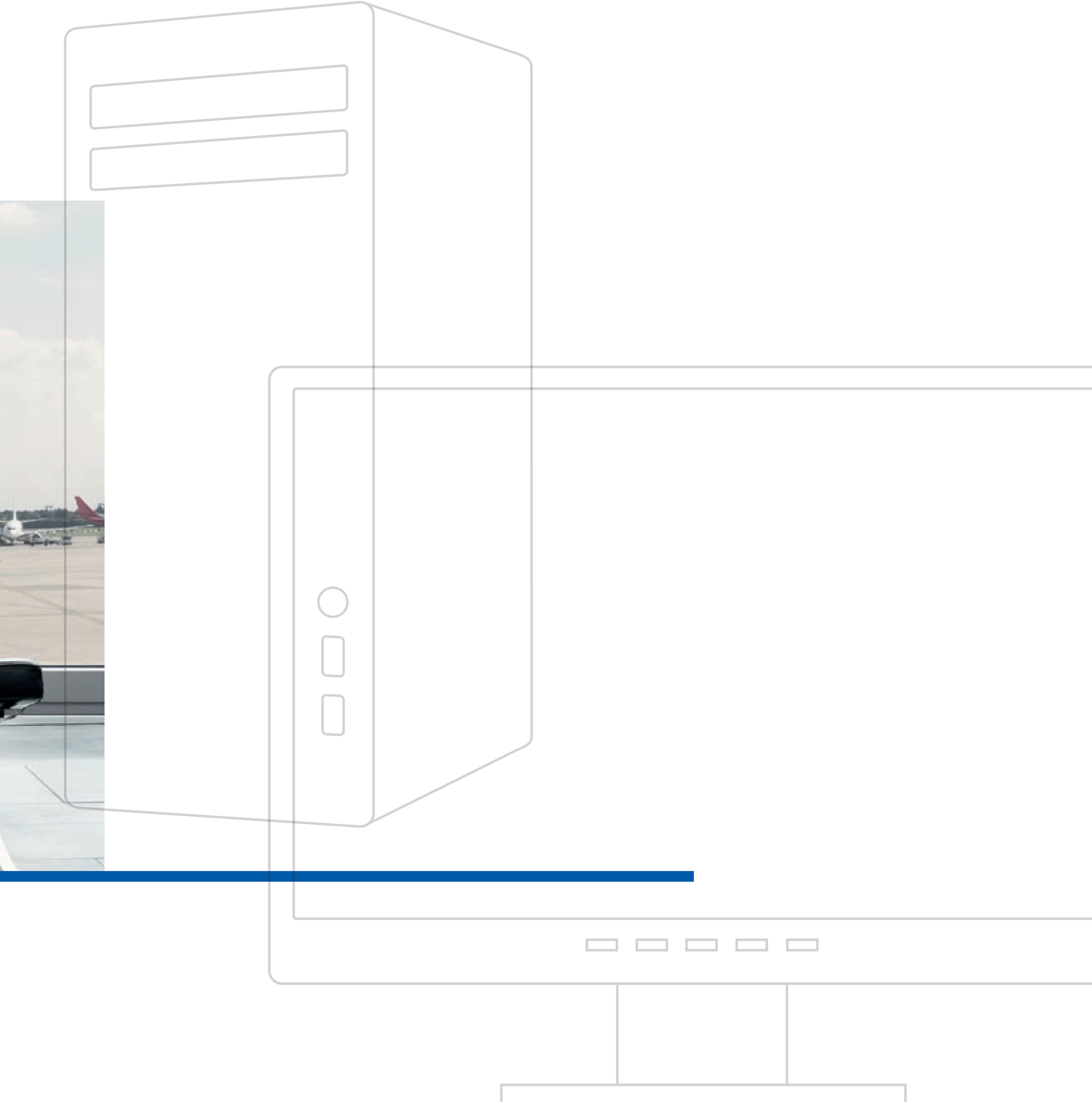
The largest shareholder in MAXDATA AG continues to be FoMax GmbH. The company holds 47.7 percent of the stock. The indirect shareholder in FoMax GmbH is Siegfried Kaske. 22.9 percent of MAXDATA shares are held by Zweite BS-Vermögensverwaltungs GmbH, a subsidiary held by Ms. Sonja Kaske. 26.0 percent of the stock is owned by various holders, and the remaining 3.4 percent is held by the company itself.

Solid financial basis

The MAXDATA Group continues to have a solid foundation. The 25.9 percent equity ratio offers the Management Board adequate freedom to complete the new strategy of the MAXDATA Group and to lead the company back to profit. The core of MAXDATA's success consists of its market-oriented product lines and powerful sales throughout Europe. This is complemented by the state-of-the-art production plant in Würselen where high quality IT products are now produced for third-party companies. These strengths, which in two decades allowed MAXDATA to become one of the leading IT producers in Europe, will be developed further in the future with the aid of new sales channels. The main goal of management is to grow once again in a profitable manner so that the market value of the company's stock will continue to rise in the shareholders' interest.

Share portrait 2007	
ISIN Code	DE 000 658 130 9
Stock market code number (WKN)	658 130
Earnings per share (Euro)	-1.21
Highest price (Euro)	3.71
Lowest price (Euro)	1.17
Closing price (Euro)	2.52
Number of shares	29 million

Belinea Story #5: Belinea brand products are based on simple principles: The most up-to-date technology. Innovative design. Individual strengths. Whether for the notebook, monitor, mouse or keyboard: Uniform. Harmonious. Tailored. Products with strong expressions. This makes it easy to find the right one for you.



Corporate Governance Report

Effective corporate governance is an essential part of MAXDATA AG's image. This legal and actual organizational framework for managing and monitoring a company assists in building comprehensive trust on the part of the investors, employees, business partners, and the public and is of great importance to MAXDATA AG.

The Management Board and Supervisory Board hereby report on corporate governance in accordance with Clause 3.10 Sentence 1 of the German Corporate Governance Code (in this context) as follows:

On 27 February 2007, the MAXDATA AG Management Board and Supervisory Board issued their annual statement of compliance with the recommendations of the government's German Corporate Governance Code Commission in accordance with Article 161 of the German Stock Corporation Act (AktG). The following statement refers in its text to the German Corporate Governance Code in the 12 June 2006 version and contains the explanation of the two deviations from the recommendations in the Code:

"The recommendations of the government's German Corporate Governance Code have been and will be followed with the following exceptions:

The chairing and membership of committees are not remunerated separately (Clause 5.4.5 Para. 1 Sentence 3). Because the essential tasks are undertaken jointly by the members of the Supervisory Board, the regulation on remunerating the chairing and membership of committees would currently not be appropriate.

The members of the Supervisory Board do not receive performance-based remuneration (Clause 5.4.5 Para. 2 Sentence 1). Each Supervisory Board member receives fixed remuneration totalling EUR 30,000. The Chairman of the Supervisory Board receives twice this amount and the Deputy Chairman receives one and one half times this amount."

On 19 September 2007, the Management Board and the Supervisory Board deliberated intensely on the Code changes enacted by the Government Commission on 14 June 2007. Following the discussion of the current version of the Code and its impact, particularly on the Annual Report and the statement of compliance to be issued in 2008, the Management Board and the Supervisory Board declared they would comply with all of the modified and newly introduced recommendations. On 27 February 2008, the statement of compliance in accordance with Article 161 of the AktG was issued on the basis of these deliberations. This was published on MAXDATA's website. As in the period from 16 March 2007 to 28 June 2007 the Management Board did not consist of several people, Clause 4.2.1 Para. 1 Sentence 1 1st half was not met for this period. MAXDATA AG will make statements on compliance to the Code that are no longer current available on its website for five years.

Management Board remuneration

Management Board compensation is comprised of the basic annual salary plus a profit-based bonus. Goals for profit-based bonuses for the following year are set annually for the MAXDATA AG Management Board members. The assessment is carried out by the Supervisory Board's human resources committee, which takes into account quantitative and qualitative criteria. The profit-based bonus and targets reached are calculated in line with the relevant annual results. Payout is made along with the normal monthly salary payment at the time when the annual company profit or loss is determined. As a result of his extraordinary commitment, Management Board spokesman Thomas Stiegler was awarded a qualitative bonus totaling EUR 100,000.

In the context of the stock option plan from 1999, Management Board member Thomas Stiegler received 3,000 option rights. Because the price of MAXDATA shares underlying the options plan does not currently create enhancement of value, the stock options are not valued.

Remuneration of the Supervisory Board members

The remuneration of the Supervisory Board members is governed by Article 9.5 of the articles of association and contains no variable components.

Supervisory Board	
Siegfried Kaske, Chairman (to 28.06.2007)	KEUR 29
Klaus Wiegandt, Deputy Chairman (since 29.06.2007)	KEUR 53
Bernhard Scholtes (since 29.06.2007)	KEUR 38
Dr. Matthias Händle	KEUR 30
Claas Kleyboldt	KEUR 30
Hans Reischl	KEUR 30

Share ownership and share transactions

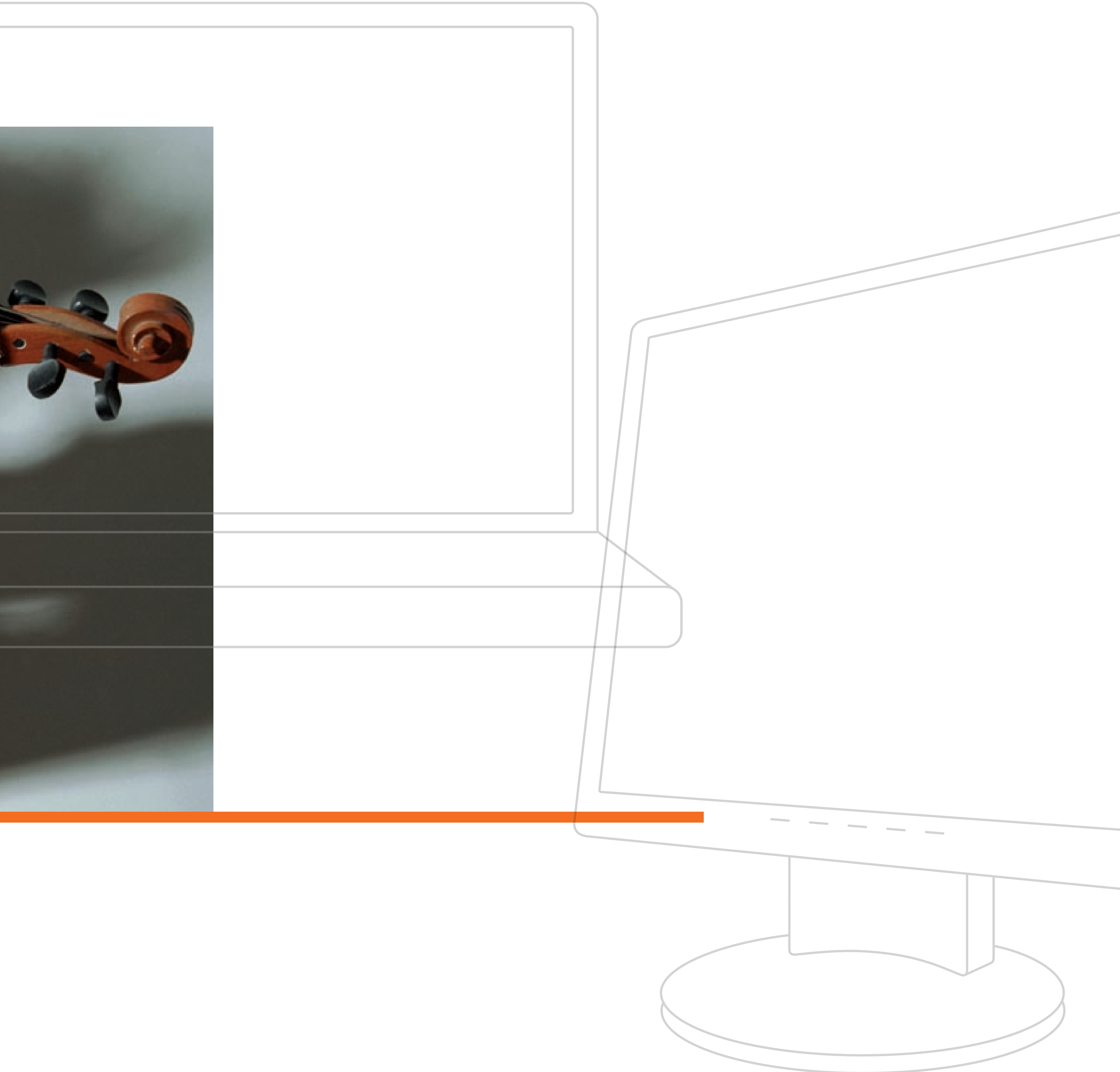
The Management Board and the Supervisory Board own the following stock and options:

Shares held by executive bodies	Number of options	Number of shares
Management Board		
Thomas Stiegler	3,000	637
Siegfried Kaske	-	13,826,000 (indirectly)
Supervisory Board		
Klaus Wiegandt	-	-
Bernhard Scholtes	-	-
Dr. Matthias Händle	-	-
Claas Kleyboldt	-	8,258
Hans Reischl	-	-

In accordance with Article 15a of the Securities Trading Act, members of the MAXDATA AG Management Board and Supervisory Board must report the acquisition or sale of MAXDATA AG securities as well as those persons with whom they have a close relationship and other employees that are entrusted with management responsibilities. As of 31 December 2007, MAXDATA AG received the following notifications:

Date	Name	Function	Kind and place of transaction	Number of shares	Price per unit EUR	Total volume EUR
12.04.2007	Zweite BS-Vermögens-verwaltungs GmbH (Subsidiary of Ms. Sonja Kaske)	Wife of Chairman of the Supervisory Board	Off-market purchase of shares	6,626,800	1.62	10,753,500

Belinea Story #6: Three lines. For curious trendsetters: Uncomplicated and flexible. Young and dynamic. At the same time user-friendly and intuitive to operate. For professional users: Modern. Strong in service. Technology in top form. Excellent value for money. Classic, timeless, durable and robust. For users with the highest design and technology demands: High-tech paired with esprit. Exclusivity. Best performance. Long-term elegance that leads the way.



Group Management Report for the Business Year 2007

Economy, market, and competition

The business activity slowed somewhat in the Euro zone. After a 2.8 percent increase in the real gross domestic product in 2006, only 2.6 percent growth is expected for 2007. In the first quarter, the increase in value-added tax in Germany also had a negative effect in the Euro zone. As a result, private consumption in the Euro zone stagnated. In the second quarter, the slowing of the economic expansion was visible in all large countries of the Euro zone according to the fall reports. For the third quarter, experts again saw an acceleration due to full industrial order books and high values for business and consumer confidence indicators. However, since summer 2007, the turbulences on the international financial markets have again dampened the optimism of companies and households.

The German economy has been experiencing an upturn over the past two years, but this weakened somewhat over the past year. Whilst economic growth in 2006 was still 2.9 percent, the leading economic institutes only expect a 2.6 percent growth rate for 2007 in their fall reports.

This can be attributed to various factors: The increase in value-added tax at the start of the year mainly affected private consumption, which did not fully recover throughout the year. The increase in the value of the Euro, the strong rise in oil prices, and turbulence on the financial markets due to the real estate crisis in the US also threatened growth.

Difficult market for IT hardware

The European markets for information technology, telecommunications and digital consumer electronics (ITC) have developed unevenly over the past year. This also holds for the German market according to the industry association BITKOM. Whereas revenue from information technology and digital consumer electronics increased strongly with growth rates of three to over six percent, telecommunications and hardware manufacturers struggled with declining revenues resulting from rapidly sinking prices.

In the fall, the experts at BITKOM expected the ITC market as a whole to grow overall by 1.3 percent to EUR 147.8 billion in 2007. A growth of 6.7 percent to EUR 10.5 billion was expected for digital consumer electronics. In contrast, revenue from computer hardware was expected to fall again by 1.1 percent to EUR 16.5 billion despite rising sales. This contradictory trend can mainly be attributed to the ongoing decline in hardware prices.

Reorientation of MAXDATA

Up to September 2007, MAXDATA's main target group was companies of all sizes and from all industries as well as public authorities, associations and institutions. The business model focused on the business market, indirect sales, and the consistent two-brand strategy.

With the launch of the Belinea line concept, MAXDATA set up a completely new strategy for its activities. Although the focus remains on business customers despite this change in strategy, it is our objective to address private users with new and innovative products and, therefore, to open up completely new markets.

In order to reach these customers, MAXDATA expanded distribution channels to include so called retailers, i.e. address end customers in addition to specialist resellers. Two of the three new product lines – the Belinea o.line and s.line – are available from retailers now. These lines are more oriented to the needs of individual customer groups than they have been in the past and include monitors, notebooks, desktop PCs, keyboards, mice and other devices. The Belinea b.line for businesses remains exclusively available through specialist resellers. The line concept dissolves the former separation of the MAXDATA and Belinea product brands.

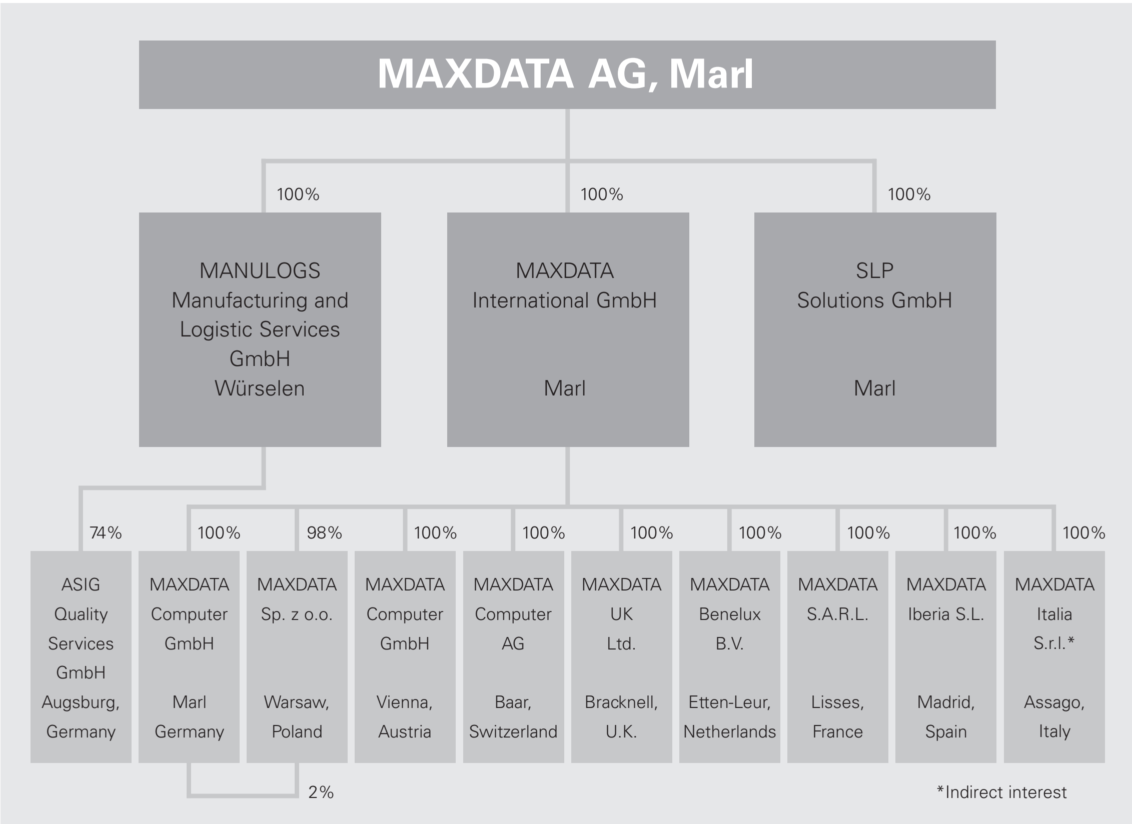
In addition to repositioning the product portfolio, MAXDATA opened its state-of-the-art production plant in Würselen near Aachen to third-party contracts from other manufacturers, distributors, and dealers. Now, external clients can also benefit from these flexible and highly efficient assembly and logistics services. Since June 2007, this MAXDATA Group subsidiary has been named MANULOGS Manufacturing and Logistic Services GmbH.

A similar model was selected for the international service units of the MAXDATA Group. Under the name SLP Solutions GmbH, this subsidiary has also been providing its professionalism and experience to third-party customers since November 2007. It offers highly professional, Europe-wide services on all aspects of maintenance, repair and exchange of IT products.

The aim of the new structure is to strengthen the economic independence of the companies and to improve the Group's risk structure. In addition, the new strategy aims to make MAXDATA more attractive to new shareholders.

Group structure

Based on the new strategy pursued by the MAXDATA Group, the following diagram shows the main MAXDATA companies:



Key figures

In addition to the EBIT (earnings before interest and taxes) indicator, which is used to control production, service, and administrative companies, MAXDATA also uses the gross profit and OPEX (operating expenditure) indicators. The key figure of gross profit in particular is broken down by product group at the operating level into the subcategories of average price and average margin.

Million EUR	**2004**	**2005**	**2006**	**2007**
Turnover	660.0	657.4	524.8	468.8
Cost of material	–565.9	–570.4	–452.0	–412.6
Gross profit	94.1	87.0	72.8	59.9
OPEX	–93.8	–121.9	–115.6	-92.8
EBIT	0.3	–34.9	–42.8	-32.9
Gross profit margin	**14.3 %**	**13.2 %**	**13.9 %**	**12.8 %**

Turnover and sales development

Compared to the previous year, MAXDATA has increased sales figures in three of the four product groups. 30.2 percent more notebooks, 9.9 percent more server systems, and 4.2 percent more desktop PCs were sold. Monitor sales fell by 6.0 percent.

In the business-to-business sector, which is very important for MAXDATA, the corporate Group was able to develop its market position in Germany for PC systems and to retain its position for monitors at a very high level. MAXDATA received much encouragement from initial success on the consumer market.

However, the monitor market proved to be difficult in the past business year.

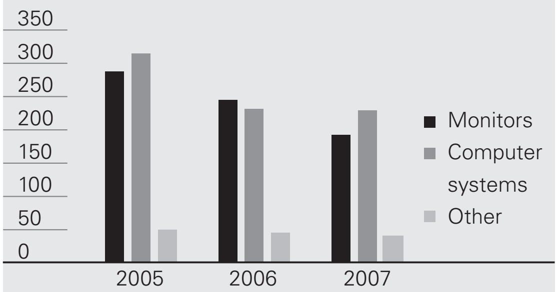
The positive development of the three other product groups was overshadowed by the ongoing pressure on prices in the monitor segment which resulted in decreased sales figues. At EUR 468.8 million, sales were below the previous year's level. The sales target was not reached.

The share of foreign turnover amounted to 51.7 percent of total turnover in 2007 (previous year: 47.6 percent), or EUR 242.1 million (previous year: EUR 249.6 million). Domestic turnover declined accordingly to 48.3 percent (previous year: 52.4 percent) or EUR 226.6 million (previous year: EUR 275.2 million).

Of the total hardware turnover, 48.6 percent is attributed to MAXDATA computer systems (desktop PCs, notebooks, and servers), the Belinea monitor business segment contributed 41.2 percent, and other products (peripheral devices, software, and services) 10.2 percent.

Number of units sold	2007	2006	Change
CRT monitors	0	3,763	–100.0 %
TFT flat screens	1,307,039	1,386,252	–5.7 %
Belinea monitors	**1,307,039**	**1,390,015**	**–6.0 %**
Desktop systems	307,245	294,802	4.2 %
Notebooks	93,272	71,637	30.2 %
MAXDATA PC systems	**400,517**	**366,439**	**9.3 %**
MAXDATA server systems	**16,607**	**15,111**	**9,9 %**

Development of turnover by product groups in million Euro



Profit situation

A decline in the gross profit margin accompanied by lower turnover than in the previous year and one-time expenditures related to developing and launching the Belinea line concept resulted in an EBIT of EUR -32.9 million compared with EUR -42.8 million in the previous year.

The gross profit margin fell from 13.9 percent (2006) to 12.8 percent in 2007. Overall gross revenue amounted to EUR 59.9 million in 2007 after EUR 72.8 million in the previous year. This decline as well as the downfall in absolute gross profit can be exclusively attributed to the monitor business. The other three product lines recorded rising gross profits.

Operational expenses fell from EUR 115.6 million (2006) to EUR 92.8 million. These numbers clearly show the positive effects of the restructuring measures implemented in 2006.

Taking into account a financial result totaling KEUR –422 compared to KEUR –385 from the previous year and current income taxes, the consolidated net loss was EUR –33.7 million, following a consolidated net loss of EUR –46.5 million in the previous year. Overall, this equates to an operating loss of EUR –1.21 per share, after a loss of EUR –1.66 per share in 2006.

Assets position

The Group possesses an equity ratio of 25.9 percent (previous year: 37.6 percent), despite the severe losses suffered in the previous years. The capital structure is also supported by the long-term portion of provisions.

Compared to the previous year, fixed assets fell by EUR 43.7 million to EUR 5.4 million. This is mainly due to the sale of the properties and the reclassification of goodwill to short-term assets (held for sale).

As of 31 December 2007, trade receivables totaled EUR 35.5 million; this translates to an increase of EUR 4.6 million over the previous year. Inventories fell in line with sales revenues to EUR 62.4 million (previous year: EUR 66.3 million).

Financial position

Cash and cash equivalents totaled EUR 40.3 million and were therefore at almost the same level as the previous year (EUR 41.1 million). The high outflow of funds from ongoing business operations was balanced by cash inflows from the sale of property.

Cash flow from operating activities was EUR –38.6 million (previous year: EUR 17.6 million). The positive previous year value was mainly due to the initial inclusion of factoring financing at that time.

In its operating activities and the resulting financial activities, MAXDATA is exposed to market price changes for currencies and interest rates. To limit these risks, MAXDATA uses systematic financial and risk management. In doing so, the normal market derivative instruments are used. These derivatives are contracted with financial institutions whose creditworthiness MAXDATA monitors continuously.

Human Resources

The average number of employees in the MAXDATA corporate Group in 2007 was 13.5 percent lower at 1,019 (previous year: 1,178). This can be attributed to the restructuring measures implemented in 2006. The number of employees outside of Germany fell by 4 percent to 219 (previous year: 228).

The restructuring of the Group into a holding company structure started in 2007 was implemented consistently. With the establishment of MANULOGS Manufacturing and Logistic Services GmbH and SLP Solutions GmbH, around 25 percent of employees were transferred to the new structure.

The focus of the qualitative HR work in 2007 was reorganizing employee competencies to implement the line concept and the – resulting – entry into the retail business. Staff at the business units was expanded by hiring college graduates based on the results of three assessment centers. The main focus of the qualification activities was on sales and the business units. In total, 129 training sessions were attended by 311 participants over the past business year.

Investments and property sales

During the last business year, MAXDATA invested EUR 1.1 million. As in 2006, the investment focus was chiefly on replacement purchases for production and IT infrastructures. In the 2007 business year, as a result of the reorientation of the company, it was decided to sell the properties in Marl and Würselen and to then lease those properties back from the new owners which are relevant for business. The selling price totaled EUR 38.5 million.

Management board remuneration

Management Board compensation is comprised of the basic annual salary plus a profit-based bonus. Goals for profit-based bonuses for the following year are set annually for the Management Board. The assessment is carried out by the Supervisory Board's Human Resources Committee based on quantitative and qualitative criteria. Based on the respective annual result, it is determined whether the goal has been achieved and, subsequently, the amount of the bonus is calculated. Payment is then made along with the regular monthly salary payment in the month the annual financial statement is established. As a result of his extraordinary commitment, Management Board spokesman Thomas Stiegler was awarded a qualitative bonus totaling EUR 100,000.

In the context of the stock option plan from 1999, Management Board member Thomas Stiegler received 3,000 option rights. Because the price of MAXDATA shares underlying the option plan does not currently create enhancement of value, the stock options are not valued.

Information and comments provided in accordance with Article 315 Para. 4 of the German Commercial Code (HGB)

MAXDATA AG's capital stock is made up of 29,000,000 ordinary bearer shares with a proportional sum of the capital stock of EUR 1.00 per share. As of the balance sheet date, MAXDATA holds 1,000,000 of its own shares (previous year: 1,000,000 shares) with no voting rights. The appointment of the Management Board is governed by Articles 84 et seq. of the German Stock Corporation Act (AktG) and its withdrawal by Article 84 Para. 3 of the AktG. As required by the articles of association the MAXDATA AG Management Board consists of at least two members. Notwithstanding this, the Supervisory Board determines the number of Management Board members. Amendments to the Articles of Association are governed by Part 6 of the AktG. In accordance with the Articles of Association, the Supervisory Board is authorized to make amendments to the Articles of Association that only affect the wording thereof. The Supervisory Board is also authorized to modify the Articles of Association to reflect a change in capital stock.

At the annual general meeting of MAXDATA AG on 27 May 1999, the shareholders approved a conditional increase in the share capital of MAXDATA AG of up to KEUR 480 (contingent capital I) by issue of up to 480,000 new no-par-value bearer shares. This conditional increase in capital serves to ensure the subscription rights of employees, members of the management board of MAXDATA AG, its subsidiaries, as well as of companies affiliated with MAXDATA AG within the meaning of Article 15 et seq. of the German Stock Corporation Law (AktG) in Switzerland, Austria, the United Kingdom, and the Netherlands in accordance with the conditions set in the authorizing resolution of the annual general meeting of 27 May 1999.

The conditional increase in capital may only be undertaken to the extent that those entitled to subscription rights within the framework of the employee share option plan exercise their subscription rights. The new shares carry profit participation rights from the beginning of the business year in which they originate through the exercise of subscription rights.

Share option plan

MAXDATA issued a share option plan in 1999 when its IPO occurred. This share option plan allowed options to be granted to employees and members of the management board of MAXDATA AG and its subsidiaries for no consideration previous to 31 December 2000 entitling bearers to purchase a total of 480,000 bearer shares pursuant to the authorization passed by resolution of the annual general meeting on 27 May 1999. The exercise price for each option was fixed at EUR 31 in agreement with the price of MAXDATA shares at their first issue. The options are only exercisable under the precondition that the market price of the MAXDATA share has on the average increased by at least 1 percentage point per month as against the issue price, i.e. on average at least 12 percentage points per year as against the issue price. This means that the share price would have had to have increased by 36 percentage points as against its price at first issue by 9 June 2002 – the first possible date the first tranche (30 percent of the options) could be exercised. If the options are not exercisable within the vesting period (3 years following the first trading day), as the increase in value of the share did not occur as provided, the options will become exercisable at a later stage within the life of the options (which expires on 8 June 2009), if the market price of the shares has increased on average by at least 1 percentage point per month. If the market price of the MAXDATA share does not reach the increase required by an average of 12 percentage points per year on the first possible exercise dates, the options of the second and third tranche will become exercisable at the date on which the average market price of the MAXDATA share on the last 30 trading days has reached the market price as adjusted correspondingly.

The market price within the meaning of the foregoing is the average market price of the MAXDATA share calculated on the basis of the closing prices on the Frankfurt Stock Exchange on the last 30 trading days of each 12 month period measured on the calendar day on which the shares were first issued. If the market price increases by the required amount, the options which vest in this way will remain exercisable until the expiry of the life of the option, even if the market price were to decrease again subsequently. As of 31 December 2007, 45,468 options to purchase 45,468 shares had been granted. Under the accounting policy adopted by the Group no compensation expense is recognized under the share option plan.

Zweite BS-Vermögensverwaltungs GmbH, Thaleischweiler-Fröschen, notified MAXDATA AG with a letter dated 13 April 2007 that, as of 12 April 2007, it holds voting rights in MAXDATA AG in the amount of 22.85 percent. These voting rights are attributed to Ms. Sonja Kaske, Germany, via her subsidiary Zweite BS-Vermögensverwaltungs GmbH.

FoMax GmbH, Langenburg, made it known in November 2004 that it currently holds voting rights in MAXDATA AG in the amount of 47.67 percent. At the same time, Mr. Siegfried Kaske announced that the voting rights held by FoMax GmbH are attributed to him.

Events after the balance sheet date

The affiliated company MANULOGS Manufacturing and Logistic Services GmbH sold its 74 percent share as well as its option on the remaining 26 percent share in ASIG Quality Services GmbH on 22 February 2008 for a selling price of EUR 6.0 million.

Risk report

A variety of opportunities arise for MAXDATA from international activities within the IT industry. However, these activities are directly associated with taking on risks. The risk management system was modified during the reporting year and adjusted to the changing conditions. Appropriate control of the risks relevant to MAXDATA is guaranteed through the interaction between the Management and Supervisory Boards on the basis of Corporate Governance regulations and the statement of compliance dated 27 February 2007.

During the annual risk inventory, risks within the individual business segments are identified, assessed, and documented. As a result, risks jeopardizing the viability of the company are made transparent and resulting opportunities are recognized in good time. The risk inventory forms the basis for the subsequent process of controlling and monitoring risks during the year.

This year's overall risk evaluation clearly shows that the corporate Group is above all affected by market risks over which it has very limited control. These risks particularly include the following: macro-economic price and volume fluctuations and dependency on the development of important customers, suppliers, and industry sectors. A continual risk for MAXDATA is the ongoing decline in prices in the monitor and computer market, which can only be offset by continuously adapting to new technological developments. Overall, the internal service processes are controlled well and therefore carry a lower risk potential.

All significant and insurable risks are effectively covered by a comprehensive insurance portfolio.

Risks that could jeopardize the existence of the company

In the past years, MAXDATA has experienced an earnings crisis. Measures to increase productivity, comprehensive cost reductions as well as improved purchasing conditions form the economic foundation for the company's reorientation.

Numerous process improvements, in particular, in the area of innovation management, as well as a comprehensive reorientation of the MAXDATA and Belinea brands provide the starting point for a profitable future. Consequently, the consolidated financial statements for the 2007 fiscal year assume a going concern. 2008 corporate planning and action plans also take this fact into account.

Despite this positive outlook, there are uncertainties which could jeopardice the continued existence of the company, such as the financing of day-to-day operations.

As part of the 2008 annual plan, MAXDATA has also prepared an integrated financial plan. The financial plan assumes that the monitor business, which struggled with lower revenue and a decline in the profit margin in 2007, can be substantially improved in the current business year and that the planned growth objectives can be implemented successfully by entering into the end customer market and by continuing to restructure the Group. One of the key planning premises is adequate working capital financing. Should there be major deviations from the plans, i.e., should the cash flows or other assumptions on which the financial plan is based vary severely downward, the continued existence of the company could be at risk.

Other Risks

Copyright fee

As a manufacturer and supplier of personal computers, MAXDATA is exposed to the risk that utilization fees for previously delivered PCs may be imposed and may have to be paid by MAXDATA. In a test case against a competitor, the Verwertungsgesellschaft Wort is demanding a flat-fee of EUR 30.00 per PC. This case is pending at the Federal Court of Justice, the court of last instance, and a decision is not expected before the end of 2008. Furthermore, the Zentralstelle für private Überspielungsrechte (ZPÜ) filed a complaint against approximately 20 manufacturers and dealers of personal computers, demanding the payment of an additional flat-rate copyright fee of EUR 18.42 for every PC sold. The ZPÜ proceedings before the Arbitration Office of the German Patent and Trademark Office have now been concluded with a proposed decision by the Arbitration Office. The proposed decision states that a copyright fee of EUR 15.00 should be paid for every PC sold in Germany from 1 January 2002 to the end of December 2005. This proposed decision has been rejected both by the manufacturers and the ZPÜ. A civil lawsuit may follow. As in the previous year, MAXDATA addressed these risks and made adequate provisions in the consolidated financial statements. Please refer to the notes to the consolidated financial statements for the risk quantification. If, in the final instance, a decision is made which requires manufacturers to pay the demanded flat fees, this could result in a liquidity outflow that could jeopardize the continued existence of the company. However, the proceedings in connection with other copyright fees have shown that – due to the long duration of the proceedings – a potential liquidity outflow would not have effect before 2010.

Competitive risks

With its reorientation and its additional focus on the retail channel and ongoing focus on the business customer market and the indirect sales structure, MAXDATA has deliberately set its focal points and made its priorities evident. Substantial risks affecting the IT sector are mainly significant excess capacities and the fact that it is extremely difficult for companies to differentiate themselves in this market, which leads to high-pressure competition. MAXDATA aims to sustainably increase competitiveness by restructuring the company and entering the consumer market.

Procurement risks

The company is substantially dependent on suppliers for the procurement of components and semi-finished products. Bringing third parties into the process creates risks such as quality issues, unexpected delivery problems, or unforeseen price increases. Additionally, undesired dependencies can arise from the worldwide relationships to suppliers.

The MAXDATA Group predominantly purchases in the Asian market. With the help of a supplier controlling system, MAXDATA will continue to optimize its supplier relationships. Using carefully selected suppliers, MAXDATA has a collection of long-term supplier relationships that is continuously supplemented by new relationships to ensure a balanced supplier portfolio. A thorough and experienced product management team and an international purchasing office founded in Taiwan in 2007 preserve and protect MAXDATA's access to relevant technology. The team should balance trends found in the procurement market with the wishes and needs of corporate customers.

Quality risks

The company consistently pursues a strict demand for high quality, operates an intense quality assurance program in accordance with DIN EN ISO 9001:2000 within the scope of the existing and certified quality management system, and applies special testing methods before shipping the products to the customer. In this way, the company achieves a high degree of customer satisfaction. In connection with the supplier portfolio, the newly imposed contractual terms must be emphasized, in particular with regard to the quality standards.

Currency risks

The currency risks that MAXDATA faces as the result of sales costs being invoiced primarily in US dollars while turnover is primarily invoiced in Euros are held in check by means of a coordinated currency hedging strategy. MAXDATA is further confronted with exchange rate fluctuations in the Swiss, British, and Polish markets. MAXDATA prepares for these risks using hedge transactions adjusted to the average volumes and terms. Common market financial instruments are used, including in particular currency swaps for the purchase or sale of foreign currency.

Inventory risks

In the fast-paced IT sector, it is highly important to keep inventories low and inventory turnover ratios high. Additionally, this task is faced with an explosive challenge in the form of the constant drop in prices of semi-finished and end products. Active inventory management, continuous review of warehouse inventories, and constant control of component supplies are the central monitoring domains within the early risk detection system in this area.

Accounts receivable risks

Rising incidents of bankruptcy in Germany and Europe have increased the importance of limiting the risk of loss through bad debt. MAXDATA is successfully managing its accounts receivable by using a continuous commercial credit system and a monitored approval and control process. This is supplemented through close and confident cooperation with credit insurers. Accounts receivable management at MAXDATA is very strict and works with a stringent internal rating system. These measures ensure a consistently low default rate. Furthermore, the default risk at MAXDATA is reduced based on the sale of receivables (real factoring).

Liquidity risks

MAXDATA monitors and controls liquidity risks with the objective of ensuring that the Group is solvent without impairing the Group's operations. The daily bundling of Europe-wide liquid funds is an essential component in guaranteeing the ability to make payments at any time.

Legal risks

Besides the actions mentioned above, there are currently no pending court or arbitrary proceedings against MAXDATA that could significantly influence the Group result.

Information technology risks

In the last few years, the importance of the constant availability of hardware and software for processing company transactions has increased even further. Due to external and internal influences, this availability is subject to potential risks. MAXDATA takes this into account by constantly monitoring and adjusting the networks and systems to changing conditions.

Risks in the area of human resources

MAXDATA believes the ongoing development of skills and commitment of its staff is very important. With the help of efficient personnel management, MAXDATA ensures that in all segments, motivated employees are promoted and employed in accordance with their strengths and abilities.

Process and communications risks

MAXDATA continuously reviews all processes for efficiency and transparency, limiting the risk of gaps in information for decision-makers. In this regard, communications that are adapted to the current situation both within and between company departments are also of great importance.

Forecast/Outlook

Despite massive financial market turbulence at the start of 2008, the upturn in the German economy seen over the past two years is expected to continue in 2008. However, according to experts, it is expected to continue to lose dynamism. As a result, the leading economic institutes expect a 2.2 percent increase in the real gross domestic product for the current year in their fall reports. Domestic demand is expected to be the primary basis for economic recovery. In particular, private consumption expenditure is expected to noticeably increase as available income increases substantially and financial policy no longer slows down spending. International trade is not expected to contribute much to the growth since the global economy is expanding rather slowly.

Corporate investments are also expected to slow down according to the fall predictions. On the one hand, this is a reflection of the advanced purchases in 2007, and, on the other hand, financing conditions have somewhat worsened. The research organizations see the greatest downward risks in the turbulences on the financial markets resulting from the real estate crisis in the US.

Notwithstanding the January stock market crisis, the European Central Bank (ECB) expects growth of around 2 percent this year for the Euro zone. The joint report by the leading economic institutes anticipates a slight weakening of economic growth for both the Euro zone and Germany and forecasts an increase in gross domestic product of about 2.1 percent in 2008, following 2.6 percent in the previous year.

A range of factors will affect the recovery in the Euro zone over the course of this year. The international finance crisis has dented the optimism of companies and households. Furthermore, there are dampening effects from international trade: Growth in the US will initially weaken further. In addition, the real, effective appreciation of the Euro has affected competitiveness for manufacturers in the Euro zone. However, the leading institutes assumed in the fall that the dampening effects will not cause a downturn in the Euro zone.

For information and communication technologies further growth is expected for 2008, but, this growth will vary in strength in individual segments. Overall, BITKOM expects revenue to rise by 1.6 percent to EUR 150.2 billion. Whereas revenue from consumer electronics and information technology is expected to increase by 4.2 percent and 3.5 percent, respectively, computer hardware revenue is expected to decrease by 1.0 percent to EUR 16.3 billion. Market experts forecast strong growth in the area of monitors and notebooks whilst sales of desktop PCs are expected to continue to fall.

MAXDATA starts the 2008 business year with improved cost structures, a new corporate structure, and a thoroughly updated product portfolio.

Marketing the ability of MANULOGS Manufacturing und Logistic GmbH and SLP Solutions GmbH to provide production and servicing, offers the Group the opportunity to increase both utilization and revenue. These companies have already created the necessary processes and structures and tested them with the first customers.

In 2007, MAXDATA created the basis for growth with a product offensive that is unique in the company's history. With a clear structure under the line concept, MAXDATA offers products for IT workstations with a uniform design for various customer segments. MAXDATA supplies existing customer groups with attractive products exclusively via established sales channels. In addition, MAXDATA is also opening up new customer segments using new sales channels. The line concept meets current and future requirements. MAXDATA's future growth will mostly be attributable to Belinea monitors and notebooks. The opening of new sales channels is compatible with the line concept and offers opportunities for additional revenue and profit.

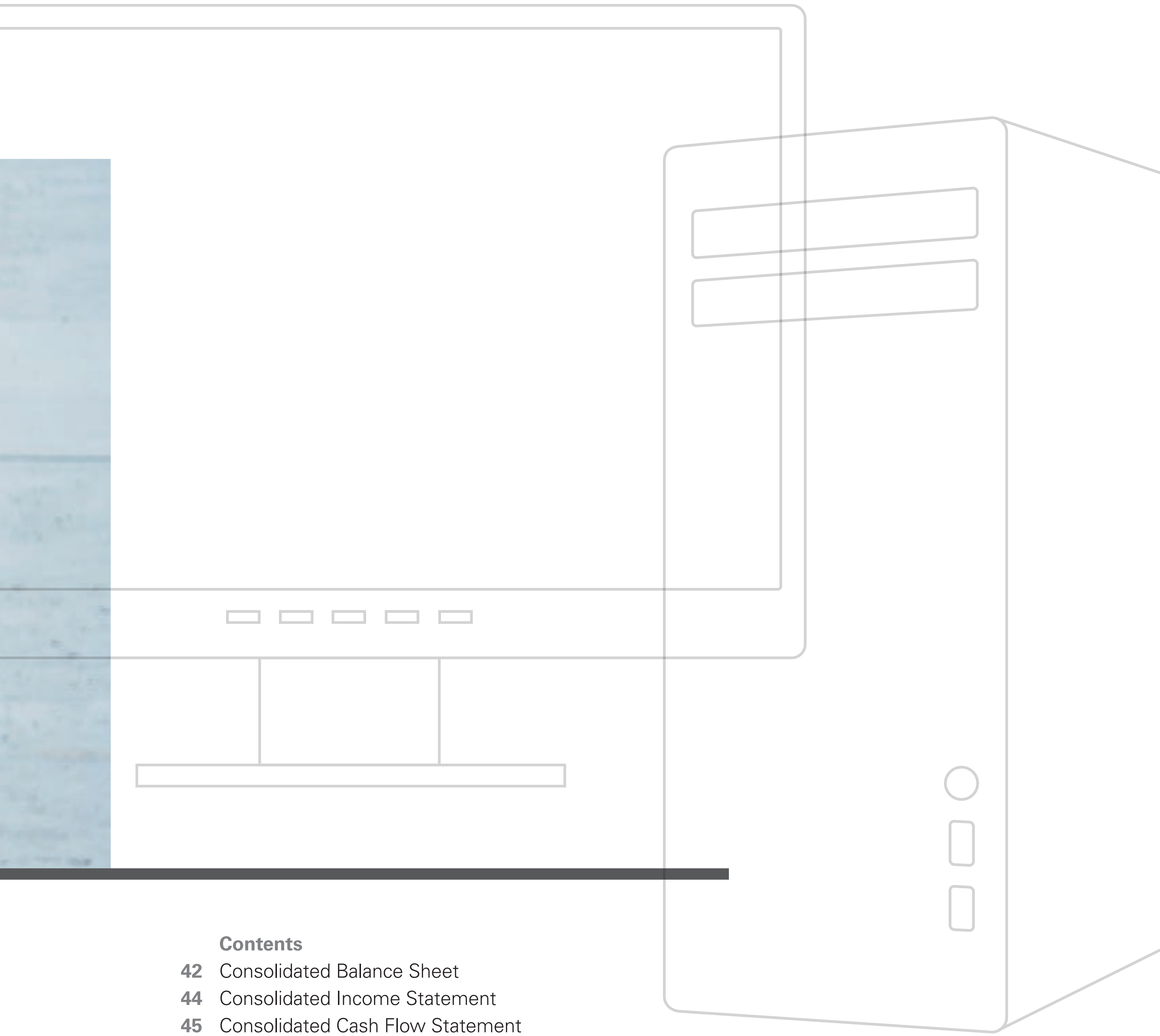
The foundation for growth was established in 2007, and the Management Board expects significantly higher revenue in 2008 and a substantial improvement in the result. The Group will return to profit in 2009.

This group management report contains statements that relate to the future development of the MAXDATA Group and its companies as well as to economic developments. These statements present opinions that MAXDATA has formed on the basis of all the information available at the present time. Should these assumptions not be correct or should further risks arise, actual results may differ from the results currently anticipated. MAXDATA therefore cannot offer any guarantee for these statements.

Marl, 27 February 2008

Thomas Stiegler Ralf Coenen

Consolidated Financial Statements 2007



Contents

Consolidated Balance Sheet as of 31 December 2007

Assets	Notes	31.12.2007 KEUR	31.12.2006 KEUR
Long-term capital			
Intangible assets	(5)		
Trademarks, licenses and software		984	2,208
Goodwill		0	5,662
		984	**7,870**
Property, plant and equipment	(6)		
Land and buildings		0	35,435
Machinery and equipment		2,602	2,769
Other equipment, furniture and fixtures		1,772	2,871
		4,374	**41,075**
Investments in associates	(7)	**-**	**151**
Loans		**-**	**33**
Deferred taxes	(21)	**171**	**66**
		5,529	**49,195**
Short-term capital			
Inventories	(8)		
Raw materials and supplies		28,805	29,798
Work in progress		121	175
Finished goods and purchased goods		32,503	36,331
		61,429	**66,304**
Receivables and other assets			
Trade receivables	(9)	35,503	30,896
– thereof due from associates KEUR 0 (2005: KEUR 5)			
Other assets	(10)	30,991	24,515
Derivative financial instruments	(24)	96	145
Current tax assets		755	1.868
		67,345	**57.424**
Cash and cash equivalents	(11)	40,265	41,125
		169,039	**164,853**
Non-current assets held for sale		5,866	0
		180,434	**214,048**

Equity and liabilities	**Notes**	**31.12.2007 KEUR**	**31.12.2006 KEUR**
Equity			
MAXDATA AG shareholders' interest			
Subscribed capital	(12)	29,000	29,000
Capital reserve	(13)	145,660	145,660
Accumulated other comprehensive income		–104	–169
Accumulated loss	(13)	–118,490	–84,745
Own shares		–9,270	–9,270
		46,796	**80,476**
Long-term liabilities			
Other long-term liabilities	(16)	0	1,749
Other provisions, less the current portion	(15)	25,287	29,473
Deferred income, less the current portion	(17)	3,418	2,869
		32,705	**34,091**
Short-term liabilities			
Trade accounts payable		70,583	73,236
Tax provisions	(14)	1,220	502
Derivative financial instruments	(24)	720	56
Other current provisions	(15)	12,744	10,902
Other current liabilities	(16)	9,409	10,130
Current portion of deferred income	(17)	4,451	4,655
		99,127	**99,481**
Liabilities held for sale		1,806	0
		180,434	**214,048**

Consolidated Income Statement

	Notes	2007 KEUR	2006 KEUR
Turnover	(18)	468,763	524,800
Increase in finished goods and work in progress		3,655	206
Other operating income	(19)	20,129	18,116
Cost of materials			
Cost of raw materials and supplies and of purchased goods		–408,598	–449,197
Cost of purchased services		–3,954	–2,970
Personnel expenses			
Wages and salaries		–39,796	–49,635
Social security contributions and other pension cost		–7,788	–9,284
Depreciation and amortization of tangible and intangible assets		–3,652	–6,716
Other operating expenses	(20)	–61,672	–68,116
Loss from ordinary operations		**–32,913**	**–42,796**
Interest earnings		1,133	1,237
Interest expenditures		–1,654	–1,695
Result from associates		99	73
Loss before tax		**–33,335**	**–43,181**
Income taxes	(21)	–411	–3,329
Consolidated net loss for the year		**–33,746**	**–46,510**
Basic earnings per share	(22)		
Consolidated net loss for the year attributable to MAXDATA AG shareholders (in EUR)		–33,745,636.23	–46,509,648.77
Shares (weighted average for the business year)		28,000,000	28,000,000
Loss per share (in EUR)		**–1.21**	**–1.66**
Diluted earnings per share	(22)		
Consolidated net loss for the year attributable to MAXDATA AG shareholders (in EUR)		–33,745,636.23	–46,509,648.77
Shares (weighted average for the business year)		28,000,000	28,000,000
Loss per share (in EUR)		**-1.21**	**–1.66**

Consolidated Cash Flow Statement

	2007 KEUR	2006 KEUR
Loss for the year, before deduction of loss/profit attributable to other shareholders, income taxes, interest and investment expenditure/income	–32,913	–42,796
Depreciation and amortization of tangible and intangible assets	3,652	6,716
Increase in provisions	938	7,165
Loss from disposal of long-term assets	–3,362	89
Decrease/Increase in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	–5,012	72,533
Decrease/Increase in trade payables and other liabilities that cannot be allocated to investing or financing activities	–2,356	–24,387
Interest payments received	1,178	1,298
Interest paid	–1,597	–1,682
Income taxes payments/refunds	920	–1,305
Cash flow from operating activities	**–38,552**	**17,631**
Cash received from disposal of property, plant and equipment/intangible assets	38,644	326
Cash paid for investments in property, plant and equipment/intangible assets	–1,017	–3,517
Cash flow from investing activities	**37,627**	**–3,191**
Distributions to minority shareholders	0	–288
Cash flow from financing activities	**0**	**–288**
Change in cash and cash equivalents	**–925**	**14,152**
Change in currency translation adjustment	65	–107
Cash and cash equivalents at beginning of business year	41,125	27,080
Cash and cash equivalents at end of business year	**40,265**	**41,125**
Cash and cash equivalents	40,265	41,125
Cash and cash equivalents at end of business year	**40,265**	**41,125**

Consolidated Statement of Changes in Equity

	Subscribed capital KEUR	Capital reserve KEUR
Balance as of 1 January 2006	**29,000**	**145,660**
Other comprehensive income	0	0
Net loss/profit	0	0
Dividends to other shareholders	0	0
Change in minority interest	0	0
Balance as of 1 January 2007	**29,000**	**145,660**
Other comprehensive income	0	0
Net loss	0	0
Balance as of 31 December 2007	**29,000**	**145,660**

	Accumulated Other Comprehensive Income						
	Currency translation adjustment KEUR	**Fair value measurement of financial instruments KEUR**	**Accumulated profit/loss KEUR**	**Own shares KEUR**	**Attributable to MAXDATA AG shareholders KEUR**	**Minority interest KEUR**	**Group KEUR**
	–62	**198**	**–38,235**	**–9,270**	**127,291**	**471**	**127,762**
	–107	–198	0	0	–305	0	–305
	0	0	–46,510	0	–46,510	0	–46,510
	0	0	0	0	0	–288	–288
	0	0	0	0	0	–183	–183
	–169	**0**	**–84,745**	**–9,270**	**80,476**	**0**	**80,476**
	65	0	0	0	65	0	65
	0	0	–33,745	0	–33,745	0	–33,745
	–104	**0**	**–118,490**	**–9,270**	**46,796**	**0**	**46,796**

Notes to the Consolidated Financial Statements

(1) General

MAXDATA AG (MAXDATA) is registered in the commercial register of Gelsenkirchen under the number HRB 5552. MAXDATA is a public listed company in the "Prime Standard" segment of the regulated market in Frankfurt.

The MAXDATA Group (hereinafter – the Group) is involved in manufacturing and distributing computer systems and monitors which are assembled by the Group or selected subcontractors in accordance with the Group's own specifications and quality standards. The Group sells desktops, notebooks, monitors, and servers under its own trademarks "MAXDATA" and "Belinea". Other computer peripherals complete the Group's product range. The average number of employees in the Group was 1.019 in 2007 and 1.178 in 2006. The registered office address of the Group is Elbestrasse 16, Marl, Germany.

After being prepared, the consolidated financial statements were released by the management board on 27 February 2008.

(2) Adoption of standards, amendments to published standards and interpretations

In 2007, the Group adopted IFRS 7, Financial Instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (mandatory for accounting periods beginning on or after 1 January 2007)

IFRS 7 introduces new disclosures relating to financial instruments. The Standard requires additional qualitative and quantitative financial risk disclosures relating to financial instruments, including specified minimum disclosures about credit risk, liquidity risk, market risk and sensitivity analysis relating to special market risks. The new IFRS supersedes IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and the disclosure requirements of IAS 32, Financial Instruments: Disclosure and Presentation. IFRS 7 shall be applied by all entities using IFRS for accounting purposes. The amendment to IAS 1 requires additional disclosure of the entity's objectives, policies and processes for managing capital. For the MAXDATA Group the main additional disclosure caused by the mentioned amendments are the sensitivity analysis relating to special market risks, the analysis of receivables past due but not impaired and a disclosure of impaired receivables and the disclosure relating to capital as required in the amendment of IAS 1.

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2007:

IFRIC 7, Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies is not relevant for the operations of MAXDATA.

Are applied but are not relevant to the Group's operations:

IFRIC 8 „Scope of IFRS 2"

IFRIC 9 „Reassessment of Embedded Derivatives"

IFRIC 10 „Interim Financial Reporting and Impairment"

The following standards and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods. The EU-Endorsement is mandatory for the adoption of these standards and interpretations.

Effects are presently examined:

IFRS 8 „Operating Segments"

IAS 1 (2007) „Presentation of Financial Statements"

IAS 32 and IAS 1 „Amendment – Puttable financial instruments and obligations arising on liquidation"

IFRIC 13 „Customer Loyality Programmes"

Presumably not relevant to the Group´s operations:

Amendment to IFRS 2 Share-based payment – Vesting conditions and cancellations

IFRS 3 (2007) „Business Combinations"

IAS 23 (2007) „Borrowing Costs"

IAS 27 (2007) „Consolidated and separate Financial Statements"

IFRIC 11 „IFRS 2 - Group and Treasury Share Transactions"

IFRIC 12 „Service Concession Arrangements"

IFRIC 14 „IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

(3) Summary of significant accounting policies

There were no changes of principal accounting policies with respect to previous year. The principal accounting policies adopted in preparing the consolidated financial statements of the Group are as follows:

Principles

The consolidated financial statements were prepared in accordance with the standards published by the International Accounting Standards Board (IFRS). The accounting standards used are in compliance with the European Union's accounting directives pertaining to consolidated financial statements. The requirements of Article 315a of the German Commercial Code (HGB) are fulfilled.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the note to other provisions.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The income statement has been prepared according to the nature of expenses method. The accompanying financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets and financial assets or liabilities at fair value through profit or loss, all of which are measured at fair value after initial recognition.

Purchases or sales of financial assets are primarily accounted for using the trade date method.

Reporting currency

The functional currency is the respective national currency of the consolidated subsidiaries and the reporting currency of the Group is Euro. The consolidated financial statements are prepared in thousands of Euros (KEUR).

Principles of consolidation

The consolidated financial statements of the Group include MAXDATA AG and the subsidiaries over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

The purchase method of accounting is used for business combinations. Companies acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition up to the date of disposal. The cost of acquisition is allocated applying the revaluation method.

Intercompany balances and transactions, including unrealized profits and losses, are eliminated in full. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances. Reference is made to note 31 with regard to consolidated entities.

Investments in associated companies (generally interest of between 20 percent and 50 percent in a company's equity) where a significant influence is exercised by MAXDATA AG or one of its subsidiaries are accounted for using the equity method.

Financial instruments

The financial instruments (financial assets and financial liabilities) carried in the balance sheet pursuant to IAS 32 and IAS 39 include certain long-term financial assets, trade and other accounts receivable and payable, investments and marketable securities, cash and cash equivalents, as well as certain other assets and payables based on contractual arrangements.

The Group classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, and available-for-sale financial assets unless the instruments are classified in any of the other categories. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

The first time recognition of a financial asset or financial liability is measured at cost, which represents the fair value of the consideration given (in the case of an asset) or received (in the case of a liability) for it. Recognition generally takes place on the trade date. Measurement after initial recognition is different for the various categories of financial assets and financial liabilities. The accounting policies on subsequent measurement of these items are disclosed in the respective notes.

Financial assets are derecognized when the rights to receive cash flows from the financial asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized if the commitments named in the contract have been settled, revoked, or have expired.

The Group operates internationally, and is therefore subject to exposure to market risks from changes in foreign exchange rates. The Group uses derivative financial instruments to mitigate those risks. Derivative financial instruments are generally classified as fair value through profit and loss and valued at the attributable fair value. Valuation is performed by information received from banks using the discounted cash flow method. Options are valued using option pricing models.

Gains and losses from these instruments are recognized in the result for the period. There was no hedge-accounting in the periods presented.

Further disclosure of the nature of financial instruments and their significant terms and conditions that could affect the amount, timing and certainty of future cash flow is presented in note 24.

Intangible assets

Intangible assets are measured initially at cost. Internally generated intangible assets are not recognized. Intangible assets are recognized if it is probable that future economic benefits attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. With exception of goodwill intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and the amortization method are reviewed annually at each financial year-end.

(a) Trademarks and licenses

Amounts paid for trademarks and licenses are capitalized and then amortized on a straight-line basis over the expected periods of benefit. The expected useful lives of industrial rights and licenses vary from three to eight years.

(b) Software

The cost of acquisition of new software is capitalized and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortized on a straight-line basis over three to five years.

Costs incurred in order to restore or maintain the economic benefits that an enterprise can initially expect from existing software systems are recognized as an expense when the restoration or maintenance work is carried out.

(c) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group’s investment in the acquired subsidiary.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property, plant and equipment comprises its purchase price including customs duties and non-refundable acquisition taxes, as well as any directly attributable costs of bringing the asset to its working condition and location for its intended use.

The manufacturing costs of property, plant, and equipment include the cost of goods and services consumed in producing the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Estimated useful lives	
Buildings	25 years
Machinery and equipment	3 to 15 years
Other equipment, furniture and fixtures	3 to 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets under construction are allocated to property, plant and equipment and are reported at purchase cost or the respective cost of production. Assets under construction are not depreciated until such time as the relevant assets are completed and put into operational use.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

With exception of goodwill, impairment losses recognized in previous years are reversed when there is an indication that the impairment losses no longer apply or have decreased in scope. The reversal is recorded in income.

Long-term financial assets
Investments in associates are accounted for under the equity method pursuant to IAS 28.

The valuation of investments in associates is reviewed when there is an indication that the asset has been impaired or the impairment losses recognized in previous years no longer exist.

Inventories
Inventories, including finished goods and work-in-process, are valued at the lower of cost and fair value less cost to sell, after provision for obsolete items. Fair value less cost to sell is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Inventory purchases are recognized at net prices. Inventories are thus measured net of any discounts offered. Discounts which are not availed of are recorded as interest expenses on the date they lapse. Cost is determined primarily on the basis of weighted average cost. For finished goods, cost includes an appropriate allocation of fixed and variable overheads. Inventory which cannot be sold is written off in full.

Receivables and other assets
After initial recognition at fair value including direct transaction costs, receivables and other financial assets are measured at amortized cost using the effective interest rate method, after provision for doubtful accounts. Provisions of doubtful accounts are recognized through the use of an allowance account. Short-term receivables and other financial assets with no fixed interest rate are measured at the amount originally invoiced or face value, provided the effect of inflation is not material. Those receivables and other financial assets that do not have a fixed maturity are measured at cost. All receivables and other financial assets are subject to an impairment test.

Other assets not covered by IAS 39 are measured accordingly to the respective standard. They are also subject to an impairment test.

Held for sale
Assets are stated as "held for sale" if they can be sold in their present condition and if their sale is highly probable. Such assets may be individual non-current assets, asset groups (disposal groups) or operations (discontinued operations). Liabilities intended to be sold in a transaction together with assets are part of a disposal group or discontinued operations, and are reported separately under "liabilities held for sale".

Non-current assets held for sale are not longer amortized; they are stated at the lower of carrying amount and fair value less costs to sell. Results from the valuation of individual assets held for sale and of disposal groups are reported under income from continuing operations until final completion of the sale.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and bank balances. They also comprise money market funds as well as other current, highly liquid deposits, with original terms of three months or less, that are not subject to any material fluctuations in value and can be converted quickly into specific amounts of cash.

Equity
Capital reserves result from premiums paid in connection with cash capital increases after deducting the costs incurred for raising capital (net of tax). They can be used to offset net losses or to fund capital increases.

Own shares represent shares in the parent which are held by the parent itself. The acquisition of own shares is presented in the financial statements as a change in equity. No gain or loss is recognized in the income statement on the sale, issue, or cancellation of own shares. The consideration received on such transactions is presented in the financial statements as a change in equity.

Net foreign exchange transactions arising on translation of financial statements of foreign subsidiaries to Euro are included in accumulated other comprehensive income.

Other provisions

A provision is recognized when, and only when an enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If the interest effect is material, the provision is discounted to the present value of the expenditures expected to settle the obligation. In cases where no reliable estimate can be made, no provision is recognized but a contingent liability disclosed.

Liabilities

After initial recognition at fair value including transaction costs, financial liabilities other than derivatives are measured at amortized cost. Subsequent to initial recognition, derivatives are measured at fair value.

Determined contractual obligations to purchase minority interests are valued at present value of the contingent consideration.

Trade payables are recognized at net prices. This results in initial measurement of the liability net of any cash discounts offered. If cash discounts lapse they are charged to interest expenses and trade payables are increased accordingly.

Deferred income

Deferred income is recognized for consideration received before the balance sheet date representing revenues or other income for a specified period after the balance sheet date. Deferred income is initially measured at the nominal value of the consideration received. Subsequently, it is released as sales or other income over the period during which the service is performed.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognized net of sales taxes and discounts when delivery has taken place and the significant risks and rewards of ownership have been transferred. Service revenues are recognized in principle over the period during which the service is performed.

Interest

Interest is recognized on a time proportion basis that reflects the effective yield on the asset.

Foreign currencies

Foreign non-monetary Items are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign monetary items are translated using the exchange rate as of balance sheet date. Exchange rate differences arising from the settlement of monetary items or valuation on closing date at rates different from those at which they were initially recorded during the periods are recognized in the income statement in the period in which they arise.

Foreign entities

The foreign consolidated subsidiaries are regarded as net investments in foreign entities since they are financially, economically, and organizationally autonomous. Their reporting currencies are the respective local currencies. Financial statements of foreign consolidated subsidiaries are translated at closing rates with respect to the balance sheet and at exchange rates at the date of transaction with respect to the income statement. All resulting translation differences are directly included in accumulated exchange rate differences in equity.

On the disposal of a foreign entity, the accumulated exchange rate differences that relate to the foreign entity are recognized as income or as expense in the same period in which the gain or loss on disposal is recognized. Consolidation of foreign subsidiaries located in the Euro zone does not result in any translation differences.

	2007 Year-end rate	2006 Year-end rate	2007 Average rate	2006 Average rate
EUR/USD	1.4705	1.3182	1.4705	1.3182
EUR/PLN	3.6015	3.8350	3.7830	3.8957
EUR/CHF	1.6595	1.6084	1.6428	1.5732
EUR/GBP	0.7351	0.6713	0.6845	0.6819

Share options

The employees and members of the Management Board of MAXDATA AG and its subsidiaries were granted options to purchase common shares of the Company. Share options issued are treated as pending transactions until they are exercised by the option holder. Once the options are exercised, the premium in excess of the nominal value of EUR 1 per share is transferred to the capital reserve. The valuation method was maintained after adoption of IFRS 2 due to the transitional provisions of IFRS 2.53. To date no shares have been issued under the share option program. Reference is made to Note 12.

Borrowing costs

Borrowing costs are not capitalized but recognized as an expense in the period in which they are incurred. Suppliers' discounts offered in connection with purchases which are not availed of are recorded as interest expenses on the date they lapse.

Income taxes

The income tax charge is based on profit for the year and considers deferred taxation. Deferred taxes are calculated using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply in the period in which an asset is realized or a liability is settled. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that the company estimates on balance sheet date to follow from the reversal of temporary differences in future.

Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available in future against which the deferred tax assets can be utilized. At each balance sheet date, the Company reassesses unrecognized deferred tax assets and the carrying amount of deferred tax assets. The enterprise recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Contingencies

Contingent liabilities are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

(4) Changes in the Group's organization

The company SLP Solutions GmbH, Marl, was founded in the business year 2007. Purpose of this enterprise is the supply of services both for the MAXDATA Group companies and for enterprises that do not belong to the Group. Moreover MAXDATA Systeme GmbH, Würselen, was renamed to MANULOGS Manufacturing and Logistic Services GmbH. Further enterprises were not founded, acquired or were sold.

(5) Intangible assets

	Trademarks, licenses and software KEUR	Goodwill KEUR	Total KEUR
At cost			
1 January 2006	19,104	2,166	21,270
Additions	674	3,496	4,170
Disposals	–706	0	–706
Currency translation differences	–2	0	–2
31 December 2006	**19,070**	**5,662**	**24,732**
Accumulated amortization and impairment losses			
1 January 2006	14,646	0	14,646
Amortization for the year	2,924	0	2,924
Disposals	–707	0	–707
Currency translation differences	–1	0	–1
31 December 2006	**16,862**	**0**	**16,862**
At cost			
1 January 2007	19,070	5,662	24,732
Additions	285	0	285
Disposals	–18	–5,662	–5,680
Transfers	0	0	0
Currency translation differences	0	0	0
31 December 2007	**19,337**	**0**	**19,337**
Accumulated amortization and impairment losses			
1 January 2007	16,862	0	16,862
Amortization for the year	1,509	0	1,509
Disposals	–18	0	–18
Currency translation differences	0	0	0
31 December 2007	**18,353**	**0**	**18,353**
Net book value 2007	984	0	984
Net book value 2006	2,208	5,662	7,870

The goodwill shown in 2006 was exclusively allocated to ASIG. As of 31 December 2007, the goodwill has been recognized under assets held for sale.

(6) Property, plant and equipment

	Land and buildings KEUR	Machinery and equipment KEUR	Other equip-ment, furniture and fixtures KEUR	Total Property, plant and equipment KEUR
At cost				
1 January 2006	52,586	5,072	18,553	76,211
Additions	0	286	629	915
Disposals	0	–3	–4,123	–4,126
Transfers	0	–6	6	0
Currency translation differences	0	0	–18	–18
31 December 2006	**52,586**	**5,349**	**15,047**	**72,982**
Accumulated depreciation and impairment losses				
1 January 2006	15,214	2,278	14,344	31,836
Depreciation for the year	1,937	305	1.550	3,792
Disposals	0	–3	–3,707	–3,710
Currency translation differences	0	0	–11	–11
31 December 2006	**17,151**	**2,580**	**12,176**	**31,907**
At cost				
1 January 2007	52,586	5,349	15,047	72,982
Additions	0	188	541	729
Disposals	–52,586	0	–2,486	–55,072
Transfers	0	–65	65	0
Currency translation differences	0	0	–30	–30
31 December 2007	**0**	**5,472**	**13,137**	**18,609**
Accumulated depreciation and impairment losses				
1 January 2007	17,151	2,580	12,176	31,907
Depreciation for the year	807	295	1,040	2,142
Disposals	–17,958	0	–1,831	–19,789
Transfers	0	–4	4	0
Currency translation differences	0	0	–25	–25
31 December 2007	**0**	**2,871**	**11,364**	**14,235**
Net book value 2007	0	2,601	1,773	4,374
Net book value 2006	35,435	2,769	2,871	41,075

In 2007 the property located in Marl and Würselen was subject to a sale and lease back transaction with a financial investor.

(7) Investments in associates

Entity	Principal activities	Equity interest %
EMV Testhaus GmbH	Quality control and source inspection	30.0

EMV Testhaus GmbH is an associate of ASIG Quality Services GmbH. The company was accounted for by the equity method in 2006. As of 31 December 2007, the entity has been recognized under assets held for sale.

EMV Testhaus GmbH	2006* KEUR
Total assets	1,428
Total liabilities	394
Turnover	1,786
Profit of the year	335

* qualified estimate

(8) Inventories

The carrying amount of inventories carried at fair value less cost to sell amounts to KEUR 7,739 (previous year: KEUR 1.247). Valuation allowances of inventories at a value of KEUR 671 (previous year: KEUR 2,524) are recognized in profit and loss account.

(9) Trade receivables

Trade receivables	2007 KEUR	2006 KEUR
Receivables	36,329	31,873
Less bad debt allowances	–826	–977
	35,503	**30,896**

On 31 December 2007, certain Group companies had sold receivables at a value of KEUR 35,791 (previous year KEUR 41,080) in connection with a factoring contract. Substantially all risks and rewards were transferred to the factor.

An expense of KEUR 895 (previous year: KEUR 1,005) for non-collectable receivables is included in other operating expenses. This comprises beside the additional impairments of trade receivables a write off on receivables in the amount of KEUR 740 (previous year: KEUR 835) which is partially covered by credit insurance payments in the amount of KEUR 501 (previous year: KEUR 497).

On the one hand, the bad debt allowance was calculated on the basis of objective indicators of the risk of non-collection and, on the other hand, past experience of default of specific receivables.

Impaired financial assets	1 January KEUR	Currency translation differences KEUR	Additions KEUR	Utilizations KEUR	Disposal KEUR	Other changes KEUR	31 December KEUR
2006							
Loans	0	0	0	0	0	0	0
Trade receivables	527	0	609	–533	–36	–4	563
Other receivables and other financial assets	0	0	0	0	0	0	0
2007							
Loans	0	0	0	0	0	0	0
Trade receivables	563	-19	482	–539	–37	0	450
Other receivables and other financial assets	0	0	0	0	0	0	0

(10) Other assets

Other assets	2007 KEUR	2006 KEUR
Blocked account for factoring*	7,162	8,460
Prepayments to suppliers	11,345	6,352
Recourse claims against business partners	6,870	4,047
Outstanding sales tax reimbursements	347	2,210
Prepaid expenses	1,205	967
Creditors with debit balances	1,661	656
Receivables for bonuses and advertising subsidies	300	548
Receivables from insurance claims	361	189
Other	1,740	1,086
	30,991	**24,515**

* The blocked account for factoring amounts to 20 percent of the purchase price of the purchased receivables and is due with collection of the receivables, at the latest in case of delcredere.

(11) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances of KEUR 36,501 (previous year: KEUR 37,709) and money market funds of KEUR 3,764 (previous year: KEUR 3,416). Cash and cash equivalents with an amount of KEUR 18,562 (previous year: KEUR 8,416) are reduced in availability. Thereof KEUR 12,849 (previous year: KEUR 3,416) are pledged as collaterals for letters of credit.

(12) Subscribed capital

The share capital of the Group's parent, MAXDATA, is divided into 29,000,000 no-par-value bearer shares each representing EUR 1 of share capital. Contributions to capital have been paid up in full.

As of balance sheet date MAXDATA holds 1,000,000 of its own shares (previous year: 1,000,000).

	Shares issued (number)	Own shares (number)	Outstanding shares (number)
31.12.2006	29,000,000	–1,000,000	28,000,000
31.12.2007	29,000,000	–1,000,000	28,000,000

At the annual general meeting of MAXDATA AG on 27 May 1999, the shareholders approved a conditional increase in the share capital of MAXDATA AG of up to KEUR 480 (contingent capital I) by issue of up to 480,000 new no-par-value bearer shares. This conditional increase in capital serves to ensure the subscription rights of employees, members of the Management Board of MAXDATA AG, its subsidiaries, as well as of companies affiliated with MAXDATA AG within the meaning of Article 15 et seq. of the German Stock Corporation Law (AktG) in Switzerland, Austria, the United Kingdom, and the Netherlands in accordance with the conditions set in the authorizing resolution of the annual general meeting of 27 May 1999.

The conditional increase in capital may only be undertaken to the extent that those entitled to subscription rights within the framework of the employee share option plan exercise their subscription rights. The new shares carry profit participation rights from the beginning of the business year in which they originate through the exercise of subscription rights.

Share option plan

MAXDATA issued a share option plan in 1999 when its IPO occurred. This share option plan allowed options to be granted to employees and members of the management board of MAXDATA AG and its subsidiaries for no consideration previous to 31 December 2000 entitling bearers to purchase a total of 480,000 bearer shares pursuant to the authorization passed by resolution of the annual general meeting on 27 May 1999. The exercise price for each option was fixed at EUR 31 in agreement with the price of MAXDATA shares at their first issue. The options are only exercisable under the precondition that the market price of the MAXDATA share has on the average increased by at least 1 percentage point per month as against the issue price, i.e. on average at least 12 percentage points per year as against the issue price. This means that the share price would have had to have increased by 36 percentage points as against its price at first issue by 9 June 2002 – the first possible date the first tranche (30 percent of the options) could be exercised. If the options are not exercisable within the vesting period (three years following the first trading day), as the increase in value of the share did not occur as provided, the options will become exercisable at a later stage within the life of the options (which expires on 8 June 2009), if the market price of the shares has increased on average by at least 1 percentage point per month. If the market price of the MAXDATA share does not reach the increase required by an average of 12 percentage points per year on the first possible exercise dates, the options of the second and third tranche will become exercisable at the date on which the average market price of the MAXDATA share on the last 30 trading days has reached the market price as adjusted correspondingly.

The market price within the meaning of the foregoing is the average market price of the MAXDATA share calculated on the basis of the closing prices on the Frankfurt Stock Exchange on the last 30 trading days of each 12 month period measured on the calendar day on which the shares were first issued. If the market price increases by the required amount, the options which vest in this way will remain exercisable until the expiry of the life of the option, even if the market price were to decrease again subsequently. As of 31 December 2006, 47,884 options to purchase 47,884 shares had been granted. Owing to employee turnover, the number of options outstanding has fallen to 45,468 as of 31 December 2007. Under the accounting policy adopted by the Group no compensation expense is recognized under the share option plan.

Capital management

The main objectives when managing capital are to safeguard the Group's ability pay debts and to preserve the financial substance of the Group.

The Group monitors capital on the basis of the equity ratio. This ratio contains total assets and equity as shown in the consolidated balance sheet wich represents the capital in the context of IAS 1.

The equity ratio is used of MAXDATA as an important characteristic for investors, analysts, banks and rating agencies. Equity used for computation corresponds to equity shown in the consolidated balance sheet. Total assets correspond to the balance sheet total of the consolidated balance sheet.

	31.12.2007	31.12.2006
Equity	46,796	80,476
Balance sheet total	180,434	214,048
Equity ratio	**25.9 %**	**37.6 %**

The decrease of the equity ratio is due to the loss of fiscal year 2007.

(13) Capital reserve and retained earnings/ accumulated loss

Capital reserves consist mainly of the premiums received in the course of MAXDATA going public in 1999.

No dividend was paid for 2006. The management board of MAXDATA AG has proposed that no dividend be paid for 2007.

(14) Tax provisions

Tax provisions are recognized for the expected amount of additional tax payments.

(15) Other provisions

Other provisions	**Warranties KEUR**	**Miscellaneous KEUR**	**Total KEUR**
1 January 2007	17,430	22,945	40,375
Additions in business year	9,944	6,580	16,524
Utilizations in business year	–9,055	–3,252	–12,307
Reversals in business year	–1,864	–634	–2,498
Currency translation differences in business year	–23	–40	–63
31 December 2007	**16,432**	**25,599**	**42,031**
Current portion	9,202	3,542	12,744
Non-current portion	7,230	22,057	29,287

Warranty

The Group generally offers three-year warranties for its computers and monitors. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. Factors that could impact the estimated claim information include the success of the Group's productivity and quality initiatives, as well as parts and labor costs. The warranty provisions consider repair and/or process costs, failure rates and recourse claims from the warranty agreements with suppliers.

As of 31 December 2007 and 2006 the Group has provided KEUR 16,432 and KEUR 17,430 respectively for expected warranty claims on computers and monitors sold during the last 36 months before the respective balance sheet date. The current portion of these warranty costs are expected to be incurred in the next business year, the remaining costs are expected to be incurred within the two following years.

In fiscal 2007 a more accurate method of valuing provisions for warranties has been used. The resulting one-time profit of KEUR 1,421 was fully realized in the result of the year.

Other

Other provisions mainly contain the provision for copyright device levies with an amount of KEUR 19,865 (previous year: KEUR 16,670). A competitor of MAXDATA was sued by Verwertungsgesellschaft (VG) Wort for payment of a copyright device levy of EUR 30.00 for every PC sold since 1 January 2001. In a judgment of 23 December 2004, the Munich Regional Court specified a levy of EUR 12.00 for every PC sold since 1 January 2001. The decision was confirmed by the Munich Higher Regional Court on 15 December 2005. From this, copyright device levies at a value of 12.00 Euro per PC must be paid to the (VG) Wort retroactively starting from 2001. The Munich Higher Regional Court rejected the appeal of this court decision on 15 December 2005 but has allowed appealing the Federal High Court. The Group has accounted for provisions on basis of the actual court decision. The time of cash outflow depends on the duration of the final legal proceedings. The cash outflow is expected as non-current.

Beyond that bonus obligations at a value of KEUR 2,483 are included in other provisions (previous year: KEUR 2,210), which are expected to be incurred in business year 2008.

(16) Other liabilities

Subject of the other non-current liabilities is the financial liability in connection with the put option concerning the ASIG shares. A Group company entered into a contractual obligation to acquire the remaining 26 percent of the shares. The vendors have the right to exercise put options totally or partly within a period from 24 months to the year end, at the earliest however to 31 December 2010. IAS 32 justifies a put option, which is settled in cash or other financial net assets, to account for as financial charge measured at present value of the purchase price. As best estimate, the contractually agreed minimum purchase price was used. As of 31 December 2007, the liability has been recognized under liabilities held for sale.

Other current liabilities	2007 KEUR	2006 KEUR
Liabilities to employees	3,587	3,961
Value added tax	2,986	3,794
Payroll and church taxes	655	676
Liabilities related to social security	285	329
Debtors with credit balances	171	165
Miscellaneous	1,725	1,205
	9,409	**10,130**

(17) Deferred income

Deferred income relates to receipts from "guarantee certificates" in connection with granting extended guarantee services. The payments received are recognized at the time the guarantee certificates were issued; they will be released on a straight line basis over the term of the guarantees. Income from the release of deferred income is offset by current expenses related to the extended guarantee services rendered in association with the guarantee certificates.

(18) Turnover by geographical areas and product lines

Turnover by geographical areas	2007 KEUR	%	2006 KEUR	%
Domestic	226,619	48	275,225	52
Foreign	242,144	52	249,575	48
	468,763	**100**	**524,800**	**100**

Turnover by product line	2007 KEUR	%	2006 KEUR	%
Monitors	193,042	41	245,051	47
Computers	227,764	49	229,578	44
Other	47,957	10	50,171	9
	468,763	**100**	**524,800**	**100**

(19) Other operating income

Other operating income	2007 KEUR	2006 KEUR
Exchange rate gains	10,297	9,837
Income from fixed service fees	2,162	3,052
Advertising subsidies from suppliers	2,047	2,894
Insurance indemnifications	814	824
Other	4,809	1,509
	20,129	**18,116**

(20) Other operating expenses

Other operating expenses	2007 KEUR	2006 KEUR
Advertising expenses	9,314	9,266
Exchange rate losses	12,491	8,882
Transport costs (delivery of goods)	8,526	8,877
Rent incidentals/repairs	6,811	7,185
Fees	7,434	6,214
Settlement for a lawsuit with a supplier	0	4,500
Warranties	374	3,983
Other staff costs	2,871	2,412
Insurance	1,414	1,802
Communication	1,625	1,772
Rent and lease expenses	2,538	1,508
Bad debts/impairment of trade receivables	895	1,005
Other	7,379	10,710
	61,672	**68,116**

(21) Income taxes

The main components of the income tax expenses reported in the income statement are as follows:

Income taxes	2007 KEUR	2006 KEUR
Current income tax expense	–515	–1,007
Deferred tax expense/income from the occurrence/reversal of temporary differences	1,424	–1,398
Decrease in deferred tax assets from tax claims due to loss carry-forwards	–1,320	–924
	–411	**–3,329**

By the Unternehmensteuerreformgesetz 2008 the average tax rate for corporate income tax and trade tax will be reduced starting from fiscal year 2008. With consideration of this change a compounded tax rate of 31 percent (previous year: 39 percent) is used for the computation of the deferred taxes. A reconciliation of the expected tax expense to the tax expense reported in the income statement is as follows:

	2007 KEUR	%	2006 KEUR	%
Result before income taxes	**–33,335**	**100.0**	**–43,181**	**100.0**
Taxes at domestic tax rate	13,001	–39.0	16,841	–39.0
Tax effects from divergent foreign tax rates and foreign losses without capitalization of deferred taxes	–4,743	14.2	–4,144	9.6
Change in deferred tax assets	104	–0.3	–2,322	5.4
Tax effects from domestic losses without capitalization of deferred taxes	–8,760	26.3	–13,176	30.5
Effects from taxes for previous years	–13	0.0	–528	1.2
Tax expense	**–411**	**1.2**	**–3,329**	**7.7**

Components of deferred tax assets/liabilities are as follows:

	2007 KEUR	2006 KEUR
Deferred tax assets		
Tax loss carry-forwards (domestic)	0	1,320
Differences from the valuation of assets and liabilities	171	66
Total	**171**	**1,386**
Deferred tax liabilities		
Differences from the valuation of assets and liabilities and from consolidation	0	–1,320
Total	**0**	**–1,320**
Deferred tax assets (net)	**171**	**66**

Deferred tax assets have been offset against deferred tax liabilities pursuant to IAS 12. Deferred tax assets and liabilities have been calculated on the basis of the planning projections for the two following years. It is expected that deferred taxes will be recovered after more than 12 months.

As of balance sheet date the Group records CIT loss carry-forwards in Germany of about EUR 356.0 million (previous year: EUR 326.5 million) and loss carry forwards for trade tax purposes of about EUR 122.7 million (previous year: EUR 113.0 million) on which no deferred tax assets have been capitalized. The subsidiaries outside Germany have loss carry-forwards of EUR 61.6 million (previous year: EUR 44.1 million), on which no deferred tax assets have been capitalized at balance sheet date. The Group did not recognize deferred income tax assets of EUR 128.0 million (previous year: EUR 113.2 million).

(22) Earnings per share

The basic earnings per share are determined by dividing the net result for the period allocable to the ordinary shareholders by the average weighted number of outstanding ordinary shares during the period.

To calculate the diluted earnings per share, the net profit attributable to shareholders and the weighted average number of shares outstanding are adjusted for the effects of all potential ordinary shares from the exercise of share options. The number of ordinary shares would be the weighted average number of ordinary shares plus the weighted average number of ordinary shares which would be issued on the conversion of all potential ordinary shares. Share options are deemed to have been converted into ordinary shares at the beginning of the period, or, if later, on the date when the options were granted.

Since the price of MAXDATA shares was lower than the exercise price defined in the share option plan in the current and previous year, there is no dilutive effect for the current and previous year.

	Consolidated net loss for the year attributable to MAXDATA AG shareholders KEUR	Weighted average number of shares	Earnings per share EUR
Basic/diluted earnings per share for the business year 2007	–33,746	28,000,000	–1.21
Basic/diluted earnings per share for the business year 2006	–46,510	28,000,000	–1.66

(23) Segment information

Segment information by geographical region	Germany		International		Consolidation		Total	
	2007 KEUR	2006 KEUR	2007 KEUR	2006 KEUR	2007 KEUR	2006 KEUR	2007 KEUR	2006 KEUR
External sales	226,619	275,225	242,144	249,575	0	0	468,763	524,800
Intrasegment sales	195,790	197,845	0	0	–195,790	–197,845	0	0
Income	422,409	473,070	242,144	249,575	–195,790	–197,845	468,763	524,800
Segment result	–15,686	–28,776	–17,227	–14,020	0	0	–32,913	–42,796
plus financial result							–422	–385
less income taxes							–411	–3,329
less minority interest							0	0
Group result							**–33,746**	**–46,510**
Segment assets	165,871	180,717	80,088	81,785	–66,450	–50,572	179,508	211,930
plus investments in associates							0	151
plus loans							0	33
plus deferred taxes and tax refund claims							926	1,934
Total assets							**180,434**	**214,048**
Segment liabilities	121,101	95,474	77,768	88,168	–66,450	–50,572	132,419	133,070
plus deferred taxes and tax provisions							1,220	502
plus minority interest							0	0
Total liabilities							**133,639**	**133,572**
Capital expenditure	960	4,885	25,154	201	–25,100	0	1,014	5,086
Amortization and depreciation	–3,293	–6,091	–359	–625	0	0	–3,652	–6,716
Non-cash expenses, excluding depreciation	572	94	–154	–199	0	0	418	–105
Pro rata result from associated companies	99	73	0	0	0	0	99	73
Shares in associated companies	0	151	0	0	0	0	0	151

The geographical division into domestic and foreign segments is performed on the basis of the registered office of the respective companies; as the parent company of the foreign subsidiaries, MAXDATA International GmbH has been allocated to the foreign segment. Transactions between segments are mainly charged at cost plus a small margin to cover additional costs of the segment providing the service.

Fixed assets are transferred at residual carrying amounts.

Segment Information	Monitors		Computers		Other areas/ not allocated		Total	
	2007 KEUR	2006 KEUR	2007 KEUR	2006 KEUR	2007 KEUR	2006 KEUR	2007 KEUR	2006 KEUR
External sales	193,042	245,051	227,764	229,578	47,957	50,171	468,763	524,800
Segment assets	85,396	75,695	129,129	88,388	–34,091	49,965	180,434	214,048
Capital expenditures	0	0	0	0	1,014	5,086	1,014	5,086

The "Monitors" business segment consists of TFT monitors, while the "Computers" segment comprises Desktop-PCs, notebooks, and servers.

Segment assets and capital expenditures are only allocated to the individual business segments if they are clearly allocable; otherwise the assets are allocated to the segment "other".

(24) Financial instruments

Market risks

A large part of the Group's purchases of raw materials, components and goods for resale are denominated in US dollars whereas sales are predominantly denominated in currencies other than US dollars. The Group enters into various types of foreign exchange contracts in managing its foreign exchange risk resulting from cash flows from (anticipated) business activities denominated in foreign currencies. Derivative financial instruments are only acquired for safeguard purposes and not with speculative intentions.

Among other things, the Group hedges foreign exchange risk by acquiring US dollars in spot transactions. Prior to use, these US dollars are partially exchanged for euros by means of currency swaps. In addition, foreign currency is sold in spot transactions and bought back again before the proceeds were received by means of currency swaps. Foreign currency is also bought and sold in forward exchange transactions.

Additionally the Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to recognized assets and liabilities.

At 31 December 2007, if the Euro had weakened/strengthened by 5 percent against the currencies relevant for MAXDATA, the following pre tax chances and risks with respect to the financial instruments are available.

	Strengthening of the EUR by 5 %		Weakening of the EUR by 5 %	
	2007 Gain/Loss (–) KEUR	2006 Gain/Loss (–) KEUR	2007 Gain/Loss (–) KEUR	2006 Gain/Loss (–) KEUR
EUR/USD	4,063	3,849	–4,063	–3,849
EUR/PLN	–2,039	–1,054	2,039	1,054
EUR/CHF	–85	–242	85	242
EUR/GBP	146	–493	–146	493

Similarly the following chances and risks before consideration of deferred taxes would result from a 5 percent change of value of the US dollar.

	Strengthening of the USD by 5 %		Weakening of the USD by 5 %	
	2007 Gain/Loss (–) KEUR	2006 Gain/Loss (–) KEUR	2007 Gain/Loss (–) KEUR	2006 Gain/Loss (–) KEUR
USD/GBP	–232	–56	232	56

The represented data regarding the sensitivities exclusively refer to the compelling regulations of IFRS 7 to financial instruments recognized in the balance sheet. Balanced plan positions with respect to an economic hedge are not existing.

Liquidity risks

Liquidity risk arises from the possibility that customers may not be able to settle obligations to the Group upon maturity. To manage this risk the Group regularly assesses the financial viability of its customers.

Liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit or factoring facilities. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

The financial commitments of MAXDATA are in principle due within one year.

Credit risks

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. In addition, the Group uses credit insurance to cover its credit risk.

The extent of the Group’s credit exposure is represented by the aggregate balance of amounts receivable. The maximum credit risk, without taking account of credit insurance, is approximately equal to the balance of financial assets as disclosed in the balance sheet. The Group has no significant concentration of credit risk with any single counterparty or groups of counterparties.

Overdue analysis	**31.12.2007 KEUR**	**31.12.2006 KEUR**
Book value	**62,617**	**51,609**
Loans	0	33
Trade receivables	35,503	30,896
Other receivables and other financial assets	27,114	20,680
At balance sheet date neither impaired nor overdue	**55,184**	**40,769**
Loans	0	34
Trade receivables	28,070	20,055
Other receivables and other financial assets	27,114	20,680
At balance sheet date overdue but not impaired	**6,846**	**10,483**
less than 30 days	6,243	8,514
Trade receivables	6,243	8,514
between 30 and 60 days	114	921
Trade receivables	114	921
between 60 and 90 days	434	230
Trade receivables	434	230
more than 90 days	55	818
Trade receivables	55	818
At balance sheet date overdue and impaired	**1,314**	**2,394**
more than 90 days	1,314	2,394

Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sales. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models with consideration of current market prices as appropriate. The carrying amount is the value at which the financial instrument is disclosed in the balance sheet. The book values of financial assets and liabilities are essentially equal to current values, because of the short term running times or evaluation with discounted amounts.

The derivative financial instruments recognized in the balance sheet are used as hedging instruments for foreign currency liabilities and receivables without exception.

In 2007, a loss of KEUR 2,453 (previous year: gain of KEUR 2,493) was realized on derivatives used to hedge foreign currency liabilities/ receivables. The effects were counterbalanced by the settlement of foreign currency liabilities/ receivables.

Derivative financial instruments cover currency swaps and forward exchange transactions.

At balance sheet date the nominal values of open currency swaps entered into to buy/sell foreign currency amounted to KEUR 54,450 (previous year: KEUR 46,295) with fair value of KEUR -398 (previous year: KEUR 18). Moreover at balance sheet date, there were forward exchange transactions to buy/sell foreign currency totalling nominal values of KEUR 47,242 (previous year: KEUR 17,737), with fair values of KEUR -225 (previous year: KEUR 71). At balance sheet date, the residual term of these swaps and forward exchange transactions was less than three months.

Book-values, values and fair values with respect to designations and classes

	Measurement with respect to IAS 39	Designation	2007 KEUR	2006 KEUR
Assets				
Loans	measured at amortized cost	loans and receivables	0	33
Trade receivables	measured at amortized cost	loans and receivables	35,503	30,896
Other receivables and other financial assets			30,991	24,515
	measured at amortized cost	loans and receivables	27,114	20,680
	not in the scope of IFRS 7	not in the scope of IFRS 7	3,877	3,834
Derivative financial assets	measured at fair value	fair value through profit and loss	96	145
Cash and cash equivalents			40,265	41,125
	measured at fair value	available for sale	3,558	3,356
	measured at amortized cost	loans and receivables	36,707	37,769
Equity and liabilities				
Other non current liabilities			1,806	1,749
	measured at amortized cost	other liabilities at amortized cost	1,806	1,749
Liabilities to banks	measured at amortized cost	other liabilities at amortized cost	813	0
Trade accounts payable	measured at amortized cost	other liabilities at amortized cost	70,583	73,236
Derivative financial liabilities	measured at fair value	fair value through profit and loss	720	56
Other current liabilities			8,596	10,130
	measured at amortized cost	other liabilities at amortized cost	542	1,022
	not in the scope of IFRS 7	not in the scope of IFRS 7	8,055	9,108

Net gain or loss with respect to classes

The net gain or loss (IFRS 7 20a) contains interest, impairment losses or gains, currency translation gains or losses and gains or losses with respect to fair value accounting.

The net losses of financial assets at fair value through profit or loss for fiscal year 2007 are KEUR 170 (previous year: KEUR 714).

The net losses of loans and receivables are KEUR 1,230 (previous year: gain of KEUR 164).

The net expenses of financial liabilities at fair value through profit and loss for fiscal year 2007 are KEUR 2,762 (previous year: KEUR 1,653). The gain of financial liabilities at amortized cost is KEUR 96 (previous year: KEUR 605).

The results in each case are due to changes of fair value, foreign currency valuations, impairments or interest.

(25) Assets/liabilities held for sale

At operating segment Germany, the preparation for the sale of the subsidiary ASIG Quality Services GmbH in 2008 was commenced. The transaction was completed on 22 February 2008. As of 31 December 2007, the assets and liabilities related to the sale are classified as disposal group and stated as "assets/liabilities held for sale" at the lower carrying amount.

(26) Other financial commitments

The future aggregate minimum lease payments under operating leases are as follows:

Operating Lease	up to 1 year KEUR	1 to 5 years KEUR	more than 5 years KEUR
31.12.2007	6,196	14,324	8,662
31.12.2006	2,156	2,172	82

Operating leases stem primarily from long-term rent agreements for business premises as well as from lease agreements for motor vehicles.

Other financial obligations mainly contain obligations from service and insurance contracts.

Other financial obligations	KEUR
31.12.2007	2,031
31.12.2006	1,552

(27) Contingent liabilities

As of the balance sheet date, there are several cases in which MAXDATA has receivables and liabilities due from and to its suppliers that are either disputed or contestable. In determining the total volume of the open items of the Group, all recognized and unrecognized claims of the parties were compared and, if a reliable estimate appeared possible, a provision was recognized for the probable exposure from the Group’s point of view. The maximum exposure that cannot be completely ruled out in excess of the provisions already recorded amounts to EUR 1.1 million.

In January 2006 the Zentralstelle für private Überspielungsrechte (ZPÜ) called the board of arbitration of the German Patent and Trade Mark Office in Munich against a subsidiary of MAXDATA and further approximately 20 manufacturers and dealers of personnel computers (PC). The ZPÜ as a representative of the authors of film and music claims a copyright device levy of 18.42 Euro for each PC. In fiscal year 2007 the board of arbitration did admit an agreement suggestion by EUR 15.00 for each PC. Against this agreement suggestion MAXDATA inserted contradiction. After the present level of knowledge ZPÜ did not sue MAXDATA or further manufacturers or dealers from PCs yet. With consideration of the already existing copyright device levies on other elements of the PC, the estimated theoretical possible burden is about EUR 10 million.

(28) Related party transactions

Transactions with associates

The Group has entered into transactions with its associates. The respective Group companies enter into transactions in the normal course of business on an arm's-length basis.

The balance sheet and income statement include the following amounts resulting from transactions with associates.

Transactions with associates	2007 KEUR	2006 KEUR
Trade receivables	0	5
Trade payables and other liabilities	209	84
Turnover	1	10
Cost of materials	791	876

Remuneration of the Management Board and Supervisory Board

In the business year 2007, total remuneration of the Group Management Board totalled KEUR 474 (previous year: KEUR 914). The Spokesman of the Board, Thomas Stiegler, received in 2007 a total remuneration of KEUR 422 (previous year: KEUR 322) comprising fixed components of KEUR 322 and variable components of KEUR 100. Reinhard Blunck, member of the Management Board, who resigned MAXDATA on 15 March 2007 received payment for his work on the board in 2007 of KEUR 52 (previous year: KEUR 257), which comprised exclusively fixed components. On 29 June 2007 Siegfried Kaske was appointed as a Management Board member for a one year term in accordance with Article 105, Para. 2, Sentence 1 AktG (Stock Corporation Act). During his one-year term as a Management Board member, Mr. Kaske will remain a member of the Supervisory Board. However, in accordance with Article 105, Para 2, Sentence 3 AktG, his membership on the Supervisory Board and, therefore, his position as the Chairman of the Supervisory Board, will be suspended during that time. He did not receive any renumeration for his membership in the Management Board. He resigned from the Management Board on 26 February 2008.

In the business year 2007, the Group board of management held 3,000 share options (previous year: 3,000 share options).

The members of the Supervisory Board received a fixed total remuneration of KEUR 210 for 2007 (previous year: KEUR 211). Siegfried Kaske, Chairman of the Supervisory Board until 28 June 2007, received KEUR 29 (previous year: KEUR 60). In fiscal year 2007, the Chairman, Klaus Wiegandt, who was appointed on 29 June 2007 received compensation of KEUR 53 (previous year: KEUR 40). The deputy Chairman Bernhard Scholtes, who was appointed on 29 June 2007 received KEUR 38 (previous year: KEUR 30). The Supervisory Board members Dr. Matthias Händle (previous year: KEUR 21) Claas Kleyboldt (previous year: KEUR 30) and Hans Reischl (previous year: KEUR 30) each received KEUR 30.

Shares of the Management and Supervisory Board, 31 December 2007	Number of shares
Management Board	637
Supervisory Board	13,834,258

Siegfried Kaske continues to hold indirectly a total of 13,826,000 shares of MAXDATA AG.

(29) Going concern risks

Going concern risks are

- Liquidity risks due to substantial plan deviations
- Liquidity risk by copyright controversy

It is referred to the detailed description in the Group management report.

(30) Events after the balance sheet date

On 22 February 2008, the Group company MANULOGS Manufacturing and Logistic Services GmbH sold its 74 percent participation as well as the option on the acquisition of the remaining 26 percent ASIG Quality Services GmbH to a selling price of EUR 6.0 million.

(31) List of consolidated subsidiaries

Company	% share in company	Principal business activity
MAXDATA International GmbH, Marl	100	Holding company for international sales companies
MAXDATA Computer GmbH, Marl	100[1)]	Sale and distribution of monitors and computers
MAXDATA Computer GmbH, Vienna, Austria	100[1)]	Sale and distribution of monitors and computers
MAXDATA Computer AG, Baar, Switzerland	100[1)]	Sale and distribution of monitors and computers
MAXDATA UK Ltd., Bracknell, UK	100[1)]	Sale and distribution of monitors and computers
MAXDATA Benelux B.V., Etten-Leur, Netherlands	100[1)]	Sale and distribution of monitors and computers
MAXDATA S.A.R.L., Lisses, France	100[1)]	Sale and distribution of monitors and computers
MAXDATA Iberia S.L., Madrid, Spain	100[1)]	Sale and distribution of monitors and computers
MAXDATA Sp. z o.o., Warsaw, Poland	100[1)]	Sale and distribution of monitors and computers
MAXDATA Italia S.r.l., Assago, Italy	100[1)]	Sale and distribution of monitors and computers
MANULOGS Manufacturing and Logistic Services GmbH, Würselen	100	Provision of assembly and logistics services
SLP Solutions GmbH, Marl	100	Provision of maintenance, repair and logistics services
MAXDATA Immobilien Marl GmbH, Marl	100	Management of the MAXDATA buildings in Marl
MAXDATA Immobilien Würselen GmbH, Marl	100	Holding company of MAXDATA Grundstücks-vermietungsgesellschaft mbH & Co. OHG, Marl
MAXDATA Grundstücksvermietungs-gesellschaft mbH & Co. OHG, Marl	100[1)]	Management of buildings of MAXDATA in Würselen
Triple Trian Beteiligungs-Verwaltungs GmbH, Marl	100[1)]	General partner of Triple Trian Beteiligungs-GmbH & Co KG, Marl
Triple Trian Beteiligungs-GmbH & Co. KG, Marl	100[1)]	Owner of an unmarketed monitor patent
ASIG Quality Services GmbH, Augsburg (held for sale)	74[1)]	Quality and source inspection

[1)] indirect holding of MAXDATA AG

(32) Auditor's fee

The audit fees of KEUR 330 (previous year: KEUR 316) include mainly fees for the year-end audit of the consolidated financial statements, the auditors' review of the interim consolidated financial statements and the statutory audit of MAXDATA AG and the subsidiaries included in the consolidated financial statements. The audit-related fees of KEUR 53 (previous year: KEUR 419) essentially comprise fees for appraisal statements and auditing of the internal control system. The tax fees of KEUR 274 (previous year: KEUR 112) include in particular fees for the preparation of tax returns. The fees for other services of KEUR 22 (previous year: KEUR 105) are mainly fees for project related consulting services.

(33) Notes pursuant to Article 264 Para. 3 HGB

MANULOGS Manufacturing and Logistic Services GmbH, Würselen, (previous name: MAXDATA Systeme GmbH, Würselen) is fully consolidated in the financial statements of the MAXDATA Group. Effective 1 January 2001, a profit and loss transfer agreement was entered into between MANULOGS Manufacturing and Logistic Services GmbH (previous name: MAXDATA Systeme GmbH) and MAXDATA AG which was entered into the commercial register of the Gelsenkirchen District Court of on 31 May 2002. In accordance with Article 264 Para. 3 HGB, MANULOGS Manufacturing and Logistic Services GmbH, is exempted from audit and disclosure of statutory financial statements in compliance with the supplementary rulings for corporations.

MAXDATA International GmbH is fully consolidated in the financial statements of the MAXDATA Group. Effective 1 January 2002, a profit and loss transfer agreement was entered into between MAXDATA International GmbH and MAXDATA AG which was entered into the commercial register of the Gelsenkirchen District Court on 6 June 2002. In accordance with Article 264 Para. 3 HGB MAXDATA International GmbH is exempted from audit and disclosure of statutory financial statements in respect of the supplementary standards in place for corporations.

MAXDATA Computer GmbH is fully consolidated in the financial statements of the MAXDATA Group. Effective 1 January 2001, a profit and loss transfer agreement was entered into between MAXDATA International GmbH (previous name MAXDATA e-business GmbH) and MAXDATA AG which was entered into the commercial register of the Gelsenkirchen District Court on 10 July 2001. In accordance with Article 264 Para. 3 HGB MAXDATA Computer GmbH is exempted from audit and disclosure of statutory financial statements in respect of the supplementary standards in place for corporations.

(34) Note in respect of Article 285 No 16 HGB

The declaration of compliance required by the Commission for the German Corporate Governance Code was issued by the Management Board and the Supervisory Board on 27 February 2007 and made permanently accessible to the shareholders on the website of MAXDATA AG at http://www.maxdata.de/unternehmen/investor_relations/corporate_governance/index.html

Marl, 27 February 2008

MAXDATA AG

Thomas Stiegler Ralf Coenen

Declaration in accordance with Article 297 Para. 2 Sentence 4 and Article 315 Para. 1 Sentence 6 of the German Commercial Code (HGB)

As the statutory representative of the parent company MAXDATA AG, we affirm that, to the best of our knowledge, the consolidated financial statements give a true and fair view of the net assets, financial position, and profitability in accordance with the applicable accounting principles. As the statutory representative of the parent company MAXDATA AG, we also affirm that, to best of our knowledge, the consolidated management report gives a true and fair picture of the Group's business development, including the Group's result and financial position, and that it adequately describes key opportunities and risks of expected developments.

Marl, 27 February 2008

MAXDATA AG

Thomas Stiegler Ralf Coenen

Auditor's Report

We have audited the consolidated financial statements prepared by MAXDATA AG comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2007. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) and supplementary provisions of the shareholder agreement are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.
We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and supplementary provisions of the shareholder agreement and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

According to our duties, we refer to the fact that the Group's ability to continue as a going concern is threatened by risks which are described in section "Risks that could jeopardize the existence of the company" of the group management report. In this section it is stated that the Group's ability to continue as a going concern will be at risk in the medium and long term, if the factual development of the group companies is significantly below corporate planning.

Essen, 27 February 2008

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Martin Theben	ppa. Dagmar Fouquet
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Bodies

The Management Board

Thomas Stiegler
Spokesman of the Management Board

Ralf Coenen

The Supervisory Board

Siegfried Kaske
Chairman of the Supervisory Board of
MAXDATA AG

Klaus Wiegandt
Deputy Chairman of the Supervisory Board of
MAXDATA AG

Dr. Matthias Händle
Chairman of the Management of
Hamm-Reno Group GmbH & Co. KG

Claas Kleyboldt
Honorary Chairman of the Supervisory Board of
AXA Konzern AG
Lawyer

Hans Reischl
Former Chairman of the Management Board of
REWE Zentral AG

Bernhard Scholtes
Managing Director of MHS Consult GmbH

Report of the Supervisory Board

During the business year 2007, the Supervisory Board regularly monitored and advised the Management Board. The Management Board submitted to the Supervisory Board comprehensive written and oral reports.

Furthermore, the Management Board also provided detailed information on important projects, plans, and events to the Chairman of the Supervisory Board between meetings by means of written and telephone reports as well as in personal conversations, maintaining the constant flow of information and exchange of opinions between the Supervisory Board and the Management Board.

Regular meetings were held and resolutions were made based on comprehensive reports issued by the Management Board and PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, the appointed auditing firm.

The subject of these meetings and discussions was in particular the company's business development, strategic orientation, financial situation, and liquidity situation as well as the annual accounts and the consolidated financial statements.

For resolutions agreed and measures initiated by management which require approval, the members of the Supervisory Board reviewed the corresponding information during the meetings or passed the resolutions based on written information (also by means of circulating voting forms). All in all, six meetings were held. Nearly all Supervisory Board members were present at these meetings. The personnel committee and audit committee each met once.

Topics of the Supervisory Board meetings held in 2007

During the Supervisory Board meetings held in February 2007, the Board's focus was in particular on the company's strategic initiatives since business development expectations and objectives were not met in 2006 due to accumulated losses.

The Board determined that the reason for this was the ongoing market weakness, which could mainly be attributed to the much lower demand for PC systems and the continuing decline in prices.

After comprehensive activities to manage costs in the 2006 business year, additional strategic decisions must now be made, i.e., structural changes and activities to reduce costs further. The focus here is the structural realignment of the sales units and the production department in order to transform them into stronger, independent business units.

At the Supervisory Board meeting on 27 February 2007, the annual accounts and the consolidated financial statements for the year ended 31 December 2006, as well as the Dependency Report including the corresponding audit reports as issued by the auditor, were presented and discussed by the Management Board with the auditor present. Auditors PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Essen, emphasized that, in their opinion, at the current time, unfavorable conditions have impaired the company's development; however, the survival of the company is not at risk.

In this regard, in addition to the already completed material implementation, the ongoing formal implementation of the early risk detection system, which is used to identify developments that could pose a threat to the existence of the Group, was discussed.

The auditor confirmed that the early detection system adequately identifies developments that could pose a threat to the existence of the Group at an early stage.

The auditor also focused on the functionality of the computerized book-entry system, the valuation of investments, the revenue recognition process as well as accounts receivable management, inventory management, coverage management, provisions, cash management, payroll accounting, and inter-company contractual relationships.

The main topics of the Supervisory Board meetings on 18 April 2007 and 29 June 29 2007 were the Management Board's report on revenue development, gross profit margins, sales and the average prices of individual products as well as comparing the respective product analysis with the previous year. With regard to the notebook product line, it was emphasized that gross profit increased despite lower sales figures. The reason for this is the complete overhaul of the notebook line – especially in terms of design. MAXDATA will expand the design aspect further and will also focus on other retail sales channels. In addition, the Supervisory Board agreed to the proposal from the Management Board to sell the properties in Marl and Würselen, which will then be leased back by MAXDATA companies.

Furthermore, during these meetings the topics "structural realignment" and "status of the restructuring program" were taken up again and explained by the Management Board. The purpose is the independent management of self-contained business segments. This requires a comprehensive transfer of responsibility to all corporate divisions that provide services that can be sold to third parties.

As part of this, and to document the independence to those outside the company, MAXDATA International GmbH now supports the product and market units.

MAXDATA Systeme GmbH has been renamed MANULOGS Manufacturing and Logistic Services GmbH. MANULOGS is responsible for in-house and third-party production as well as logistics.

In addition, the new service company SLP Solutions GmbH was founded. SLP is a spin-off of the service unit of MAXDATA and offers service solutions. In this new structure, MAXDATA AG only acts as a traditional financial holding company.

The Supervisory Board meeting on 19 September 2007 focused on the Management Board's report on business development in the first half of 2007. The company's balance sheet structure and liquidity situation were subject to an in-depth study.

A further emphasis of the above-stated meeting was on the agenda item "realignment / strategic initiatives." Here, the Management Board presented the option of assembling new display screens, i.e., LCD televisions, in addition to TFT monitors. Further information on introducing a new product design / new product lines was also provided. In order to separate the company from the "standards" and, therefore, to increase demand, marketing strategies should be adapted to match trends, demand structures and ultimately the needs of the end customer. As a result, retail channels are developed.

In this context, the Management Board presented the new "Belinea Line Concept," based on which three Belinea lines are offered: "o.line" (young, modern), "b.line (professional, classic) and "s.line" (elegant, high quality).

At the Supervisory Board meeting held on 11 December 2007, the Management Board issued a report on the third quarter of 2007 and presented a forecast for the entire business year 2007. The 2008 budget was discussed as well. Again, another key issue was the company's realignment plan for 2007. In this regard, the monitor business, in particular, was analyzed as it was a problem area in 2007. It was no longer possible, as it had been in the past, for MAXDATA to receive the usual surplus quantities from manufacturers as they are now using their production capacities in other ways, especially for flat screen televisions. As MAXDATA had to date aligned its strategy and tactics to the structural overcapacity in the industry, it is now necessary to reposition Belinea. As a result, the Belinea brand was divided into two areas: the line concept, which has a stronger focus on design and is mostly sold via resellers and retailers, and the classic line, which primarily addresses distribution and is used for large orders and tenders.

Corporate Governance

For MAXDATA, the Management Board and Supervisory Board reported on corporate governance in accordance with Article 3.10 Sentence 1 of the German Corporate Governance Code in the Annual Report in the "Corporate Governance Report" section. The Management Board and the Supervisory Board issued the statement of compliance in accordance with Article 161 of the German Stock Corporation Act (AktG) and made it permanently accessible on the company's website.

In addition, the Management Board reported on the amendment of the German Corporate Governance Code dated 14 June 2007; based on this amendment, the Supervisory Board's bylaws were amended and the Nomination Committee was formed and elected on 19 September 2007. Other subjects discussed in the meeting were monitoring the efficiency of the Supervisory Board and, in the absence of Management Board member Thomas Stiegler, the payment of a bonus in the amount of EUR 100,000 for his extraordinary commitment.

Audit of the 2007 accounts

All annual accounting documents, the report on relationships with affiliated companies, as well as the audit reports that were issued by the auditor were submitted to the Supervisory Board prior to the financial statement meeting.

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, the appointed auditor, confirmed that an unqualified audit opinion was issued on the individual financial statements, as well as the consolidated financial statements. The auditor also confirmed that the content of the management report and group management report is accurate and that the financial statements address all relevant areas. At the financial statement meeting, the Supervisory Board deliberated intensely on the findings of the auditor and agrees with the auditor's assessment of the company's position and prospects.

The audit of the Dependency Report did not lead to any objections. Furthermore, the auditor confirmed that the financial statements and the consolidated financial statements give a true and fair view of the net assets, financial position, and profitability in accordance with the principles of proper accounting.

The Supervisory Board reviewed the annual financial statements, the consolidated financial statements, MAXDATA AG's management report, and the group management report prepared by the Management Board. After submitting the final results of its review no objections were made. The Supervisory Board endorsed the annual financial statements for the year ending 31 December 2007, including MAXDATA AG's management report; this constitutes the official confirmation of the annual financial statements. The Supervisory Board also endorsed the consolidated financial statements including the group management report.

Furthermore, in accordance with Article 312 of the AktG, the Management Board prepared a report on relationships with affiliated companies for the business year 2007 and submitted this report in good time for the Supervisory Board's financial statement meeting. The auditor also reviewed this report, reported in writing on the results of the audit, and issued the following opinion:

"As per our dutiful audit and assessment, we hereby confirm that

1. the factual information in this report is correct,

2. for the legal transactions listed in the report, the company performance was not unreasonably high or drawbacks were balanced,

3. with regard to the measures listed in the report, no circumstances favor a significantly different evaluation from the one issued by the Management Board."

Following the final results of its review, the Supervisory Board did not state any objections to the statement made by the Management Board in its report in accordance with Article 312 of the AktG or against issuing the audit opinion.

Changes to the Management Board
On the basis of the resolution of the Supervisory Board on 29 June 2007, and in accordance with Article 105 Para. 2 Sentence 1 AktG, the previous Chairman of the Supervisory Board, Mr. Siegfried Kaske, was appointed deputy to Management Board member Reinhard Blunck, who resigned his post as of 15 March 2007, until 28 June 2008. Mr. Kaske remains a member of the Supervisory Board without exercising his role as a Supervisory Board member for the duration of his appointment (Article 105 Para. 2 Sentence 2 AktG). On 26 February 2008, Mr. Ralf Coenen was appointed Management Board member of MAXDATA AG for a term of three years. On the day of Mr. Coenen's appointment to the Management Board of MAXDATA AG, Mr. Siegfried Kaske resigned from his position as Management Board member.

Changes to the Supervisory Board
On the basis of the resolution by the Supervisory Board on 29 June 2007, and in accordance with Article 107 Para 1 Sentence 3 AktG, the previous Deputy Chairman of the Supervisory Board, Mr. Klaus Wiegandt, took over the rights and obligations of the Supervisory Board Chairman. Mr. Bernhard Scholtes was appointed as the new Deputy Chairman of the Super-

visory Board. On 26 February 2008, the day of Mr. Coenen's appointment to the Management Board of MAXDATA AG, Mr. Siegfried Kaske resigned from his position as Management Board member. Upon resigning his Management Board mandate, Mr. Kaske automatically resumes his work on the Supervisory Board and returns to his post as Chairman of the Supervisory Board. Mr. Klaus Wiegandt who, in accordance with Article 105 Para. 2 Sentence 1 AktG, assumed all rights and obligations of the Chairman of the Supervisory Board in accordance with Article 107 Para. 1 Sentence 3 AktG for the period of Mr. Kaske's appointment as Management Board member, automatically resigned from his position as Chairman of the Supervisory Board on the day of Mr. Kaske's resignation from the Management Board and returns to his post as Deputy Chairman of the Supervisory Board. Mr. Bernhard Scholtes, who was appointed Deputy Chairman of the Supervisory Board for the period of Mr. Kaske's appointment as Management Board member, also automatically resigned from his post as Deputy Chairman of the Supervisory Board on the day of Mr. Kaske's resignation.

The Supervisory Board would like to thank the Management Board and the employees of the MAXDATA group for their support and hard work.

Marl, 27 February 2008

The Supervisory Board

Siegfried Kaske,
Chairman of the Supervisory Board

Financial Calender	
Annual General Meeting Kongresszentrum, Westfalenhalle Dortmund	**9 April 2008**
3 months' report 2008	**12 May 2008**
6 months' report 2008	**12 August 2008**
9 months' report 2008	**12 November 2008**

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The Annual Report and the latest information on MAXDATA are also available on the Internet: www.maxdata.com

The information in this Annual Report has been translated (although it is not a literal translation) from the German Annual Report.

Under these circumstances the German version and interpretation shall govern and prevail.

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People are different

Annual Report and Accounts 2007 MAXDATA AG

Annual Report and Accounts 2007 of MAXDATA AG

Contents

Management Report for the Business Year 2007

MAXDATA AG (hereinafter also called “the Company”) is registered in the Commercial Register of the Local Court of Gelsenkirchen under HRB 5552. The Company’s registered offices are in Marl.

The Company’s business purposes include holding and administering shares in other companies, and in managing them and optimizing the further development of their organizational, management, and subsidiary structures, as well as establishing, acquiring, and disposing of such companies.

The annual accounts of MAXDATA AG for the 2007 business year have been drawn up in accordance with the regulations of the HGB (Handelsgesetzbuch = German Commercial Code), taking into consideration the supplementary regulations of the AktG (Aktiengesetz = German Stock Companies Act). They will be published in their entirety in the electronic Bundesanzeiger (German Federal Gazette).

Furthermore, the Management Board has drawn up a Dependency Report for the 2007 business year, in accordance with Article 312, Para. 1 of AktG. In this report the Board comes to the following conclusion: “In all legal transactions with the affiliated companies, the Company has always received an appropriate consideration in light of the circumstances at the time when the legal transaction was undertaken. It has thus not been put at a disadvantage by any such transaction.”

Information and comments provided in accordance with Article 289 Para. 4 of the German Commercial Code (HGB)

MAXDATA AG’s capital stock is made up of 29,000,000 ordinary bearer shares with a proportional sum of the capital stock of EUR 1.00 per share. As of the balance sheet date, MAXDATA holds 1,000,000 of its own shares (previous year: 1,000,000 shares) with no voting rights. The appointment of the Management Board is governed by Articles 84 et seq. of the German Stock Corporation Act (AktG) and its withdrawal by Article 84 Para. 3 of the AktG. As required by the articles of association the MAXDATA AG Management Board consists of at least two members. Notwithstanding this, the Supervisory Board determines the number of Management Board members. Amendments to the Articles of Association are governed by Part 6 of the AktG. In accordance with the Articles of Association, the Supervisory Board is authorized to make amendments to the Articles of Association that only affect the wording thereof. The Supervisory Board is also authorized to modify the Articles of Association to reflect a change in capital stock.

At the annual general meeting of MAXDATA AG on 27 May 1999, the shareholders approved a conditional increase in the share capital of MAXDATA AG of up to KEUR 480 (contingent capital I) by issue of up to 480,000 new no-par-value bearer shares. This conditional increase in capital serves to ensure the subscription rights of employees, members of the management board of MAXDATA AG, its subsidiaries, as well as of companies affiliated with MAXDATA AG within the meaning of

Article 15 et seq. of the German Stock Corporation Law (AktG) in Switzerland, Austria, the United Kingdom, and the Netherlands in accordance with the conditions set in the authorizing resolution of the annual general meeting of 27 May 1999.

The conditional increase in capital may only be undertaken to the extent that those entitled to subscription rights within the framework of the employee share option plan exercise their subscription rights. The new shares carry profit participation rights from the beginning of the business year in which they originate through the exercise of subscription rights.

Share option plan

MAXDATA issued a share option plan in 1999 when its IPO occurred. This share option plan allowed options to be granted to employees and members of the management board of MAXDATA AG and its subsidiaries for no consideration previous to 31 December 2000 entitling bearers to purchase a total of 480,000 bearer shares pursuant to the authorization passed by resolution of the annual general meeting on 27 May 1999. The exercise price for each option was fixed at EUR 31 in agreement with the price of MAXDATA shares at their first issue. The options are only exercisable under the precondition that the market price of the MAXDATA share has on the average increased by at least 1 percentage point per month as against the issue price, i.e. on average at least 12 percentage points per year as against the issue price. This means that the share price would have had to have increased by 36 percentage points as against its price at first issue by 9 June 2002 – the first possible date the first tranche (30 percent of the options) could be exercised. If the options are not exercisable within the vesting period (3 years following the first trading day), as the increase in value of the share did not occur as provided, the options will become exercisable at a later stage within the life of the options (which expires on 8 June 2009), if the market price of the shares has increased on average by at least 1 percentage point per month. If the market price of the MAXDATA share does not reach the increase required by an average of 12 percentage points per year on the first possible exercise dates, the options of the second and third tranche will become exercisable at the date on which the average market price of the MAXDATA share on the last 30 trading days has reached the market price as adjusted correspondingly.

The market price within the meaning of the foregoing is the average market price of the MAXDATA share calculated on the basis of the closing prices on the Frankfurt Stock Exchange on the last 30 trading days of each 12 month period measured on the calendar day on which the shares were first issued. If the market price increases by the required amount, the options which vest in this way will remain exercisable until the expiry of the life of the option, even if the market price were to decrease again subsequently. As of 31 December 2007, 45,468 options to purchase 45,468 shares had been granted. Under the accounting policy adopted by the Group no compensation expense is recognized under the share option plan.

Zweite BS-Vermögensverwaltungs GmbH, Thaleischweiler-Fröschen, notified MAXDATA AG with a letter dated 13 April 2007 that, as of 12 April 2007, it holds voting rights in MAXDATA AG in the amount of 22.85 percent. These voting rights are attributed to Ms. Sonja Kaske, Germany, via her subsidiary Zweite BS-Vermögensverwaltungs GmbH.

FoMax GmbH, Langenburg, made it known in November 2004 that it currently holds 47.67

percent of the voting rights in the company. At the same time, Mr. Siegfried Kaske announced that the voting rights held by FoMax GmbH are attributed to him.

2007 stock price performance

MAXDATA was first offered on the Frankfurt Stock Exchange on 9 June 1999, and has been listed on the Prime Standard stock market segment since 1 January 2003. Listing on the stock exchange forces higher transparency requirements consistent with international standards. In 2007, the share price showed generally positive development. The starting price in January was EUR 1.63 and the stock closed the year at EUR 2.52. This represents around a 55 percent increase in value. The lowest point was reached on 13 March 2007 at EUR 1.17. MAXDATA reached its highest value on 1 November 2007 at EUR 3.71, more than double the price at the start of the year.

Financial and profit situation

The MAXDATA AG results are predominantly dependent upon the business development of the domestic and foreign affiliated companies.

The Company's equity declined in comparison to the previous year from EUR 97.9 million to EUR 66.0 million.

The loss carried forward totalling EUR 83.6 million and the net loss of EUR 32.0 million for the year, as well as a donation of surplus reserves for own shares due to the required appreciation of own shares totalling EUR 0.9 million, resulted in an accumulated loss of EUR 116.4 million.

The following group-internal restructuring measures, which did not affect the net assets, financial and profit situation of MAXDATA AG were concluded in the 2007 business year:

MAXDATA Systeme GmbH has been renamed MANULOGS Manufacturing and Logistic Services GmbH. Furthermore, as of 1 November 2007, MANULOGS Manufacturing and Logistic Services GmbH sold the service division to the newly established Group company SLP Solutions GmbH, and, as of 1 December 2007, mainly the complete inventories, receivables from affiliated companies and other assets, prepaid expenses, provisions for warranties and copyrights and liabilities to affiliated companies were sold to MAXDATA International GmbH.

The company has extraordinarily terminated the profit transfer agreement with MANULOGS Manufacturing and Logistic Services GmbH effective 31 December 2007.

The net loss comprises the results of MAXDATA Computer GmbH, Marl, MANULOGS Manufacturing and Logistic Services MAXDATA Systeme GmbH, Würselen, MAXDATA International GmbH, Marl, MAXDATA Immobilien Marl GmbH, Marl, and MAXDATA Immobilien Würselen GmbH, Marl. These results were balanced and collected respectively based on existing profit and loss transfer agreements with MAXDATA AG.

MAXDATA AG's negative result is mainly due to the transfer of losses from MANULOGS Manufacturing and Logistic Services MAXDATA Systeme GmbH, Würselen, amounting to EUR –6.3 million (previous year: EUR –19.2 million), and from MAXDATA International GmbH, Marl, amounting to EUR –44.4 million (previous year: EUR –21.6 million). Of the loss incurred by MAXDATA International GmbH, EUR 11.5 million relates to ongoing losses by foreign subsidiaries and EUR 25.1 million to the establishment of a provision for anticipated losses on an internal transaction that resulted in a profit of the same amount for MAXDATA Computer GmbH. Additionally, MAXDATA AG's result includes the profit absorption of MAXDATA Computer GmbH, totalling EUR 25.0 million (previous year: EUR 5.0 million), of MAXDATA Immobilien Marl GmbH, Marl, totalling EUR 1.4 million (previous year: EUR 1.3 million) and of MAXDATA Immobilien Würselen GmbH, Marl, of EUR 3.4 million (previous year: EUR 0.6 million).

The other financial result of MAXDATA AG is attributable to interest income amounting to EUR 5.8 million (previous year: EUR 5.9 million) and a lower book value of own shares which was appreciated by EUR 0.9 million (previous year: depreciation of EUR 1.5 million).

The loss from exchange rates in the business year was EUR 3.9 million (previous year: profit EUR 1.3 million).

The cash flow from the current operating activities totals EUR 13.0 million (previous year: EUR 9.0 million) and is influenced by the operating result and the reciprocal decrease in net receivables from and to affiliated companies and the other assets. From the proceeds from selling properties, loans totalling EUR 30.7 million held by the companies owning the properties were repaid. Cash and cash equivalents amount to EUR 14.4 million in 2007 as compared to EUR 28.9 million in the previous year.

The Company possesses an equity ratio of 40.9 percent (previous year: 55.1 percent), despite the severe losses suffered in the previous years.

Employees
The average number of employees of the Company in the 2007 business year was 63 (previous year: 79). As of 31 December 2007, the Company had 42 employees (31 December 2006: 72).

Management board remuneration
Management Board compensation is comprised of the basic annual salary plus a profit-based bonus. Goals for profit-based bonuses for the following year are set annually for the Management Board. The assessment is carried out by the Supervisory Board's Human Resources Committee based on quantitative and qualitative criteria. Based on the respective annual result, it is determined whether the goal has been achieved and, subsequently, the amount of the bonus is calculated. Payment is then made along with the regular monthly salary payment in the month the annual financial statement is established. As a result of his extraordinary commitment, Management Board spokesman Thomas Stiegler was awarded a qualitative bonus totalling EUR 100,000.

In the context of the stock option plan from 1999, Management Board member Thomas Stiegler received 3,000 option rights. Because the price of MAXDATA shares underlying the option plan does not currently create enhancement of value, the stock options are not valued.

Events after the balance sheet date
The affiliated company MANULOGS Manufacturing and Logistic Services GmbH sold its 74 percent share in ASIG Quality Services GmbH on 22 February 2008 for a selling price of EUR 6.0 million.

Risk report

A variety of opportunities arise for MAXDATA from international activities within the IT industry. However, these activities are directly associated with taking on risks. The risk management system was modified during the reporting year and adjusted to the changing conditions. Appropriate control of the risks relevant to MAXDATA is guaranteed through the interaction between the Management and Supervisory Boards on the basis of Corporate Governance regulations and the statement of compliance dated 27 February 2007.

During the annual risk inventory, risks within the individual business segments are identified, assessed, and documented. As a result, risks jeopardizing the viability of the company are made transparent and resulting opportunities are recognized in good time. The risk inventory forms the basis for the subsequent process of controlling and monitoring risks during the year.

This year's overall risk evaluation clearly shows that the corporate Group is above all affected by market risks over which it has very limited control. These risks particularly include the following: macro-economic price and volume fluctuations and dependency on the development of important customers, suppliers, and industry sectors. A continual risk for MAXDATA is the ongoing decline in prices in the monitor and computer market, which can only be offset by continuously adapting to new technological developments. Overall, the internal service processes are controlled well and therefore carry a lower risk potential.

All significant and insurable risks are effectively covered by a comprehensive insurance portfolio.

Risks that could jeopardize the existence of the company

In the past years, MAXDATA has experienced an earnings crisis. Measures to increase productivity, comprehensive cost reductions as well as improved purchasing conditions form the economic foundation for the company's reorientation.

Numerous process improvements, in particular, in the area of innovation management, as well as a comprehensive reorientation of the MAXDATA and Belinea brands provide the starting point for a profitable future. Consequently, the consolidated financial statements for the 2007 fiscal year assume a going concern. 2008 corporate planning and action plans also take this fact into account.

Despite this positive outlook, there are uncertainties which could jeopardize the continued existence of the company, such as the financing of day-to-day operations.

As part of the 2008 annual plan, MAXDATA has also prepared an integrated financial plan. The financial plan assumes that the monitor business, which struggled with lower revenue and a decline in the profit margin in 2007, can be substantially improved in the current business year and that the planned growth objectives can be implemented successfully by entering into the end customer market and by continuing to restructure the Group. One of the key planning premises is adequate working capital financing. Should there be major deviations from the plans, i.e., should the cash flows or other assumptions on which the financial plan is based vary severely downward, the continued existence of the company could be at risk.

Other Risks

Copyright fee

As a manufacturer and supplier of personal computers, MAXDATA is exposed to the risk that utilization fees for previously delivered PCs may be imposed and may have to be paid by MAXDATA. In a test case against a competitor, the Verwertungsgesellschaft Wort is demanding a flat-fee of EUR 30.00 per PC. This case is pending at the Federal Court of Justice, the court of last instance, and a decision is not expected before the end of 2008. Furthermore, the Zentralstelle für private Überspielungsrechte (ZPÜ) filed a complaint against approximately 20 manufacturers and dealers of personal computers, demanding the payment of an additional flat-rate copyright fee of EUR 18.42 for every PC sold. The ZPÜ proceedings before the Arbitration Office of the German Patent and Trademark Office have now been concluded with a proposed decision by the Arbitration Office. The proposed decision states that a copyright fee of EUR 15.00 should be paid for every PC sold in Germany from 1 January 2002 to the end of December 2005. This proposed decision has been rejected both by the manufacturers and the ZPÜ. A civil lawsuit may follow. As in the previous year, MAXDATA addressed these risks and made adequate provisions in the consolidated financial statements. Please refer to the notes to the consolidated financial statements for the risk quantification. If, in the final instance, a decision is made which requires manufacturers to pay the demanded flat fees, this could result in a liquidity outflow that could jeopardize the continued existence of the company. However, the proceedings in connection with other copyright fees have shown that – due to the long duration of the proceedings – a potential liquidity outflow would not have effect before 2010.

Competitive risks

With its reorientation and its additional focus on the retail channel and ongoing focus on the business customer market and the indirect sales structure, MAXDATA has deliberately set its focal points and made its priorities evident. Substantial risks affecting the IT sector are mainly significant excess capacities and the fact that it is extremely difficult for companies to differentiate themselves in this market, which leads to high-pressure competition. MAXDATA aims to sustainably increase competitiveness by restructuring the company and entering the consumer market.

Procurement risks

The company is substantially dependent on suppliers for the procurement of components and semi-finished products. Bringing third parties into the process creates risks such as quality issues, unexpected delivery problems, or unforeseen price increases. Additionally, undesired dependencies can arise from the worldwide relationships to suppliers.

The MAXDATA Group predominantly purchases in the Asian market. With the help of a supplier controlling system, MAXDATA will continue to optimize its supplier relationships. Using carefully selected suppliers, MAXDATA has a collection of long-term supplier relationships that is continuously supplemented by new relationships to ensure a balanced supplier portfolio. A thorough and experienced product management team and an international purchasing office founded in Taiwan in 2007 preserve and protect MAXDATA's access to relevant technology. The team should balance trends found in the procurement market with the wishes and needs of corporate customers.

Quality risks

The company consistently pursues a strict demand for high quality, operates an intense quality assurance program in accordance with DIN EN ISO 9001:2000 within the scope of the existing and certified quality management system, and applies special testing methods before shipping the products to the customer. In this way, the company achieves a high degree of customer satisfaction. In connection with the supplier portfolio, the newly imposed contractual terms must be emphasized, in particular with regard to the quality standards.

Currency risks

The currency risks that MAXDATA faces as the result of sales costs being invoiced primarily in US dollars while turnover is primarily invoiced in euros are held in check by means of a coordinated currency hedging strategy. MAXDATA is further confronted with exchange rate fluctuations in the Swiss, British, and Polish markets. MAXDATA prepares for these risks using hedge transactions adjusted to the average volumes and terms. Common market financial instruments are used, including in particular currency swaps for the purchase or sale of foreign currency.

Inventory risks

In the fast-paced IT sector, it is highly important to keep inventories low and inventory turnover ratios high. Additionally, this task is faced with an explosive challenge in the form of the constant drop in prices of semi-finished and end products. Active inventory management, continuous review of warehouse inventories, and constant control of component supplies are the central monitoring domains within the early risk detection system in this area.

Accounts receivable risks

Rising incidents of bankruptcy in Germany and Europe have increased the importance of limiting the risk of loss through bad debt. MAXDATA is successfully managing its accounts receivable by using a continuous commercial credit system and a monitored approval and control process. This is supplemented through close and confident cooperation with credit insurers. Accounts receivable management at MAXDATA is very strict and works with a stringent internal rating system. These measures ensure a consistently low default rate. Furthermore, the default risk at MAXDATA is reduced based on the sale of receivables (real factoring).

Liquidity risks

MAXDATA monitors and controls liquidity risks with the objective of ensuring that the Group is solvent without impairing the Group's operations. The daily bundling of Europe-wide liquid funds is an essential component in guaranteeing the ability to make payments at any time.

Legal risks

Besides the actions mentioned above, there are currently no pending court or arbitrary proceedings against MAXDATA that could significantly influence the Group result.

Information technology risks

In the last few years, the importance of the constant availability of hardware and software for processing company transactions has increased even further. Due to external and internal influences, this availability is subject to potential risks. MAXDATA takes this into account by constantly monitoring and adjusting the networks and systems to changing conditions.

Risks in the area of human resources
MAXDATA believes the ongoing development of skills and commitment of its staff is very important. With the help of efficient personnel management, MAXDATA ensures that in all segments, motivated employees are promoted and employed in accordance with their strengths and abilities.

Process and communications risks
MAXDATA continuously reviews all processes for efficiency and transparency, limiting the risk of gaps in information for decision-makers. In this regard, communications that are adapted to the current situation both within and between company departments are also of great importance.

Forecast/Outlook
Despite massive financial market turbulence at the start of 2008, the upturn in the German economy seen over the past two years is expected to continue in 2008. However, according to experts, it is expected to continue to lose dynamism. As a result, the leading economic institutes expect a 2.2 percent increase in the real gross domestic product for the current year in their fall reports. Domestic demand is expected to be the primary basis for economic recovery. In particular, private consumption expenditure is expected to noticeably increase as available income increases substantially and financial policy no longer slows down spending. International trade is not expected to contribute much to the growth since the global economy is expanding rather slowly.

Corporate investments are also expected to slow down according to the fall predictions. On the one hand, this is a reflection of the advanced purchases in 2007, and, on the other hand, financing conditions have somewhat worsened. The research organizations see the greatest downward risks in the turbulences on the financial markets resulting from the real estate crisis in the US.

Notwithstanding the January stock market crisis, the European Central Bank (ECB) expects growth of around 2 percent this year for the Euro zone. The joint report by the leading economic institutes anticipates a slight weakening of economic growth for both the Euro zone and Germany and forecasts an increase in gross domestic product of about 2.1 percent in 2008, following 2.6 percent in the previous year.

A range of factors will affect the recovery in the Euro zone over the course of this year. The international finance crisis has dented the optimism of companies and households. Furthermore, there are dampening effects from international trade: Growth in the US will initially weaken further. In addition, the real, effective appreciation of the Euro has affected competitiveness for manufacturers in the Euro zone. However, the leading institutes assumed in the fall that the dampening effects will not cause a downturn in the Euro zone.

For information and communication technologies further growth is expected for 2008, but, this growth will vary in strength in individual segments. Overall, BITKOM expects revenue to rise by 1.6 percent to EUR 150.2 billion. Whereas revenue from consumer electronics and information technology is expected to increase by 4.2 percent and 3.5 percent, respectively, computer hardware revenue is expected to decrease by 1.0 percent to EUR 16.3 billion. Market experts forecast strong growth in the area of monitors and notebooks whilst sales of desktop PCs are expected to continue to fall.

MAXDATA starts the 2008 business year with improved cost structures, a new corporate structure, and a thoroughly updated product portfolio.

Marketing the ability of MANULOGS Manufacturing und Logistic GmbH and SLP Solutions GmbH to provide production and servicing, offers the Group the opportunity to increase both utilization and revenue. These companies have already created the necessary processes and structures and tested them with the first customers.

In 2007, MAXDATA created the basis for growth with a product offensive that is unique in the company's history. With a clear structure under the line concept, MAXDATA offers products for IT workstations with a uniform design for various customer segments. MAXDATA supplies existing customer groups with attractive products exclusively via established sales channels. In addition, MAXDATA is also opening up new customer segments using new sales channels. The line concept meets current and future requirements. MAXDATA's future growth will mostly be attributable to Belinea monitors and notebooks. The opening of new sales channels is compatible with the line concept and offers opportunities for additional revenue and profit.

The foundation for growth was established in 2007, and the Management Board expects significantly higher revenue in 2008 and a substantial improvement in the result. The Group will return to profit in 2009.

This management report contains statements that relate to the future development of MAXDATA AG and its companies as well as to economic developments. These statements present opinions that MAXDATA has formed on the basis of all the information available at the present time. Should these assumptions not be correct or should further risks arise, actual results may differ from the results currently anticipated. MAXDATA therefore cannot offer any guarantee for these statements.

Marl, 27 February 2008

The Management Board

Thomas Stiegler   Ralf Coenen

Balance Sheet as of 31 December 2007

Assets	2007 KEUR	2006 KEUR
Fixed assets		
Intangible fixed assets		
Trademarks, licenses and similar rights	**953**	**2,122**
Tangible fixed assets		
Other equipment, fixtures, fittings and equipment	**689**	**1,010**
Financial assets		
Shares in affiliated companies	32,638	32,538
Loans to affiliated companies	1,920	32,615
	34,558	**65,153**
	36,200	**68,285**
Current assets		
Accounts receivable and other assets		
Accounts receivable from affiliated companies	102,899	72,565
Other assets	1,415	2,862
	104,314	**75,427**
Marketable securities		
Repurchased shares	2,520	1,630
Other securities	3,558	3,356
	6,078	**4,986**
Checks, cash in hand, cash in banks	**14,401**	**28,873**
	124,793	**109,286**
Prepaid expenses and deferred charges	**172**	**212**
	161,165	**177,783**

Equity and Liabilities	**2007 KEUR**	**2006 KEUR**
Equity		
Capital subscribed	29,000	29,000
Capital reserves	150,899	150,899
Earnings reserves		
Reserves for repurchased shares	2,520	1,630
Accumulated loss	–116,430	–83,585
	65,989	**97,944**
Provisions		
Tax provisions	47	47
Other provisions	5,399	5,690
	5,446	**5,737**
Liabilities		
Trade accounts payable - thereof, with a residual term of up to one year: KEUR 5,320 (previous year: KEUR 4,715)	5,320	4,715
Accounts payable to affiliated companies - thereof, with a residual term of up to one year: KEUR 82,875 (previous year: KEUR 68,028)	82,875	68,028
Other liabilities - thereof, with a residual term of up to one year: KEUR 583 (previous year: KEUR 905) - thereof, for taxes: KEUR 57 (previous year: KEUR 114) - thereof, for social security: KEUR 5 (previous year: KEUR 8)	583	905
	88,778	**73,648**
Deferred income	**952**	**454**
	161,165	**177,783**

Income Statement

	2007 KEUR	2006 KEUR
Other operating income	45,598	52,225
Personnel expenses		
Wages and salaries	–4,188	–5,422
Social security	–545	–743
Depreciation and amortization of intangible assets, plant, equipment and other fixed assets	–1,805	–3,139
Other operating expenses	–53,905	–55,864
Income from profit transfer agreements	29,751	6,860
Income from investments and other long-term financial assets	0	64
Other interest and similar income	5,818	5,876
thereof, from affiliated companies: KEUR 5,422 (previous year: KEUR 4,903)		
Depreciation of financial assets and marketable securities	890	–5,330
Expenses from loss transfers due to profit transfer agreements	–50,690	–40,760
Interest and similar expenses	–2,867	–1,489
thereof, to affiliated companies: KEUR 2,703 (previous year: KEUR 1,365)		
Loss from ordinary operations	**–31,943**	**–47,722**
Income taxes	0	106
Other taxes	–13	–77
Net loss	**–31,956**	**–47,693**
Loss brought forward from previous year	–83,584	–37,356
Transfer/Release to reserves for repurchased shares	–890	1,440
Profit from merger	0	24
Accumulated loss	**–116,430**	**–83,585**

Notes to the accounts for the business year 2007

A. General information on the Company

Incorporation, Commercial Register, Registered Offices

MAXDATA AG (hereinafter called "the Company") was founded on 11 May 1999 by a change of legal form. The Company is registered in the Commercial Register of the Local Court of Gelsenkirchen under HRB 5552. The Company's registered offices are in Marl.

Business of the Company

According to its Articles of Association, the purpose for which the Company has been formed is to hold and administer shares in companies, and to manage them, particularly those concerned with the production of, and trading with, computers and with trading in computer peripheral equipment of all kinds, including the provision of all related services. Managing these companies also includes producing, optimizing, and further developing their organizational, management, and corporate structures, in particular the establishment, acquisition, and disposal of other companies, company groups, and company subsidiaries and participation in other companies. It is also part of the Company's purpose to acquire and rent plots of land, with or without buildings. The Company is authorized to take all measures and actions connected with its business or likely to serve it. It can also undertake activities on its own behalf in the aforementioned fields of business.

Own shares

Based on the previous authorization to repurchase shares, the Company still possessed at the end of the 2007 business year 1,000,000 company shares with a book value share of the capital stock totaling EUR 1,000,000.00.

The Company's share of the capital stock thus remains at 3.45 percent.

Group relationships

The Company's business activities relate not only to its business purposes as defined in its Articles of Association, but also primarily to the reliable provision of adequate liquidity and hedging of the currency risk for the entire MAXDATA group. It also ensures the financing of investments and acquisitions as well as the expansion of the group's international presence.

The statement of shareholdings was prepared separately and has been deposited with the Commercial Register of the Local Court of Gelsenkirchen under number HRB 5552.

B. General information on the annual accounts

The annual financial statements for the business year from 1 January to 31 December 2007 are written in accordance with the statutory accounting requirements of the HGB (Handelsgesetzbuch = German Commercial Code) for all businesses (Article 242 et seq. HGB), the amendments for large joint stock companies (Article 264 et seq. HGB) and AktG (Aktiengesetz = German Stock Companies Act).

The income statement has been prepared according to the nature of expenses method in accordance with Article 275, Para. 2 HGB.

Unless otherwise indicated, the annual financial statements have been prepared in euro thousand (KEUR).

C. Accounting and valuation principles

Intangible fixed assets acquired for payment have been shown on the assets side of the balance sheet at their acquisition cost, and depreciated on a linear basis over their expected useful lives.

The **tangible fixed assets** are valued at their cost of acquisition or manufacture, minus scheduled and non-scheduled depreciation. Depreciation mainly uses the linear method. Buildings are depreciated over a maximum of 25 years, and operational and business machinery over 3 to 20 years. If the reasons for extraordinary depreciation no longer apply, write-ups are made. Low-value assets with acquisition costs of EUR 60 to 410 are written off completely in the year of acquisition. Those with acquisition costs of up to EUR 60 are booked as expenses upon purchase.

Financial assets are valued at their cost of acquisition or, with non-transient impairment, at their attributable fair value as of the balance sheet date.

Accounts receivable and other assets are shown at their nominal values. Accounts receivable have been written down appropriately to reflect recognizable risks.

Accounts receivable in foreign currencies are converted at the exchange rate in force on the outgoing date of the relevant invoice or on the effective balance sheet date if this is lower.

Short-term security investments are valued at their cost of acquisition or, respectively, at their attributable fair value as of the balance sheet date, if lower. Own shares are valued at the rate in force on the balance sheet date.

Expenditure before the cut-off date is listed as **prepaid expenses and deferred charges** if it represents expenses for a certain period after that day.

The **other provisions** are formed to cover recognizable risks and uncertain liabilities as of the balance sheet date, and set at the level required by prudent commercial judgment.

Liabilities are valued at the amount due for payment.

Liabilities in foreign currencies are converted at the exchange rate in force on the date of receipt of the relevant invoice, or on the balance sheet date if this was higher.

Income obtained before the balance sheet date is listed as **deferred income** and represents earnings for a specific period after this date.

D. Notes to the Balance Sheet and Income Statement

1. Notes to the Balance Sheet

Fixed assets

	At cost 01.01.2007 KEUR	Additions KEUR	Disposals KEUR	31.12.2007 KEUR
Intangible fixed assets				
Trademarks, licenses and similar rights	**12,186**	**277**	**0**	**12,463**
Tangible fixed assets				
Other equipment, furniture and fixtures	**1,569**	**226**	**287**	**1,508**
Financial assets				
Shares in affiliated companies	32,538	100	0	32,638
Loans to affiliated companies	36,505	0	30,695	5,810
	69,043	**100**	**30,695**	**38,448**
	82,798	**603**	**30,982**	**52,419**

	Accumulated depreciation 01.01.2007 KEUR	Depreciation during business year KEUR	Disposals KEUR	31.12.2007 KEUR	Net book value 31.12.2007 KEUR	31.12.2006 K EUR
Intangible fixed assets						
Trademarks, licenses and similar rights	**10,064**	**1,446**	**0**	**11,510**	**953**	**2,122**
Tangible fixed assets						
Other equipment, furniture and fixtures	**559**	**359**	**98**	**820**	**689**	**1,010**
Financial assets						
Shares in affiliated companies	0	0	0	0	32,638	32,538
Loans to affiliated companies	3,890	0	0	3,890	1,920	32,615
	3,890	**0**	**0**	**3,890**	**34,558**	**65,153**
	14,513	**1,805**	**98**	**16,220**	**36,200**	**68,285**

Accounts receivable and other assets

As of 31 December 2007, all the accounts receivable and other assets were due within one year.

Financial instruments

Raw materials, components and goods are predominantly purchased by the corporate group in US dollars, while sales are mostly conducted in other currencies. MAXDATA AG manages the currency exchange risk, resulting from the cash flows (expected) from operating activities that are stated in the foreign currency, by various types of foreign currency transactions, such as currency swaps and forward exchange transactions and exchange spot transactions.

Credit institutions evaluate these transactions using the discounted cash flow method. Options are evaluated using the option price model.

At the balance sheet date, there were currency swaps and forward trading to buy/sell foreign currency totalling a nominal KEUR 101,692 (previous year: KEUR 64,032), whose fair value came to KEUR -623 (previous year: KEUR 89). This includes anticipated losses totalling KEUR 720 (previous year: KEUR 56), which are accounted for with other provisions. At the balance sheet date, the residual term of these transactions was less than three months.

Capital structure of the Company

The Company currently has a capital base of EUR 29,000,000 made up of 29 million ordinary shares with a theoretical share in the share capital of EUR 1, and documented with global certificates. The shareholders have no right to individual documentation of their shares. The shares are freely transferable.

In order to enable the participation of members of the Company's Management Board, the executive bodies of its management, and subsidiary companies inside and outside Germany, as well as other senior managers and employees of the Company and its subsidiaries, the extraordinary general meeting of the Company of 27 May 1999 authorized the following contingent capital ("contingent capital"):

The Company's share capital will be increased by a maximum of EUR 480,000 through the issue of up to 480,000 new registered ordinary shares. The conditional capital increase will serve the purpose of granting subscription rights to the employees, board members and company officers of MAXDATA AG and its subsidiaries, and the companies affiliated to MAXDATA AG, within the meaning of Article 15 et seq. of AktG, in Switzerland, Austria, Great Britain, and the Netherlands, within the bounds set by the extraordinary general meeting of 27 May 1999. The conditional capital increase will only be carried out to the extent that those who hold option rights make use of their subscription rights. The new shares participate in profits from the beginning of the financial year in which they are issued.

Within the terms of the resolution of the extraordinary general meeting, the Supervisory and Management Boards are authorized to define the further details of the granting of option rights and the powers they entail, including the terms and conditions of exchange. The Supervisory Board is the sole authority for granting option rights to members of the Management Board.

The Company will grant up to 480,000 subscription rights, valid for one share each, thus totaling up to 480,000 shares, to those entitled to subscription rights.

The **earnings reserves** amounted to KEUR 2,520 on the balance sheet date. They relate only to the reserve for own shares. The amount is calculated based on the cumulated acquisition costs for the shares (KEUR 9,270) and a cumulated withdrawal relating to the depreciation to the lowest stock exchange price of the shares on the balance sheet date (KEUR 6,750). The repurchased shares are shown as marketable securities in the balance sheet on the assets side, under current assets.

Provisions

The composition of other provisions is as shown below:

Other provisions	**2007** KEUR	**2006** KEUR
Outstanding invoices	4,026	5,055
Impending losses	720	56
Other	653	579
	5,399	**5,690**

2. Notes to the Income Statement

Other operating income consists primarily of income from license royalties and other costs passed on to affiliated companies as well as advertising subsidies passed on to subsidiaries totaling KEUR 32,786 (previous year: KEUR 37,879).

The **other operating expenses** are made up as shown below.

Other operating expenses	**2007** KEUR	**2006** KEUR
Other operating expenses passed on to subsidiaries and from credit notes to subsidiaries		
License royalties	29,606	33,040
Advertising subsidies	1,857	2,769
Insurance	898	1,149
Other	425	921
	32,786	**37,879**
Other operating expenses		
Exchange losses	8,836	6,251
IT services	4,485	4,534
Fees	4,683	4,275
Communication	849	995
Advertising expense	443	363
Other	1,823	1,567
	21,119	**17,985**
	53,905	**55,864**

3. Contingencies

Contingencies as defined in Article 251 HGB consist of KEUR 10,000 bank guarantees in favor of affiliated companies.

Furthermore, MAXDATA AG has joint and several liability for all claims of a factor that arise from a factoring agreement with affiliated companies.

4. Other financial obligations

There are no future financial obligations of note.

5. Average number of employees

During the reporting year, MAXDATA AG had an average of 63 employees (previous year: 79).

6. Audit fees

Audit fees amounted to KEUR 165 (previous year: KEUR 181) and include, in particular, the audit of the consolidated financial statements and individual financial statements of MAXDATA AG, as well as the review of the interim financial statements. Fees for other certification and consulting services amounted to KEUR 53 (previous year: KEUR 419) and are mostly comprised of fees arising from expert opinions and the examination of the internal control system. Tax consulting fees amounted to KEUR 274 (previous year: KEUR 112) and, in particular, include fees for current tax consulting services. Other fees amounted to KEUR 22 (previous year: KEUR 105) and are primarily comprised of fees for project-specific consulting services.

7. Remuneration of the Management Board and the Supervisory Board

In the business year 2007, total remuneration of the Group Management Board totalled KEUR 474 (previous year: KEUR 914). The Spokesman of the Board, Thomas Stiegler, received in 2007 a total remuneration of KEUR 422 (previous year: KEUR 322) comprising fixed components of KEUR 322 and variable components of KEUR 100. Reinhard Blunck, member of the Management Board, who resigned MAXDATA on 15 March 2007 received payment for his work on the board in 2007 of KEUR 52 (previous year: KEUR 257), which comprised exclusively fixed components. Siegfried Kaske did not receive any renumeration for his membership in the Management Board.

The members of the Supervisory Board received a fixed total remuneration of KEUR 210 for 2007 (previous year: KEUR 211). Siegfried Kaske, chairman of the Supervisory Board until 28 June 2007, received KEUR 29 (previous year: KEUR 60). In fiscal year 2007, the chairman, Klaus Wiegandt, who was appointed on 29 June 2007 received compensation of KEUR 53 (previous year: KEUR 40). The deputy chairman Bernhard Scholtes, who was appointed on 29 June 2007 received KEUR 38 (previous year: KEUR 30). The Supervisory Board members Dr. Matthias Händle (previous year: KEUR 21) Claas Kleyboldt (previous year: KEUR 30) and Hans Reischl (previous year: KEUR 30) each received KEUR 30. He resigned from the Management Board on 26 February 2008.

8. Shares and share options of the Management Board and Supervisory Board as of 31 December 2007

Shares and share options of the Management Board and Supervisory Board as of 31 December 2007	**Number of share options**	**Number of shares**
Management Board	3,000	637
Supervisory Board	-	13,834,258

Further information on the members of the Management and Supervisory Boards can be found in the following table.

Executive Bodies	Membership of other statutorily formed Supervisory Boards	Membership of comparable supervisory bodies of companies in Germany and abroad
Members of the Management Board		
Thomas Stiegler Spokesman of the Management Board		
Ralf Coenen (since 26.02.2008)		
Siegfried Kaske (29.06.2007 - 26.02.2008)	DFH Deutsche Fertighaus Holding AG (Chairman) VOBIS AG (Chairman) VOBIS Microcomputer AG (Chairman)	Hamm-Reno Group GmbH & Co. KG (Chairman of the Advisory Board)
Reinhard Blunck (to 15.03.2007)		Primegate AG (Member of the Advisory Board)
Members of the Supervisory Board		
Siegfried Kaske Chairman of the Supervisory Board MAXDATA AG (to 28.06.2007; since 26.02.2008)	DFH Deutsche Fertighaus Holding AG (Chairman) VOBIS AG (Chairman) VOBIS Microcomputer AG (Chairman)	Hamm-Reno Group GmbH & Co. KG (Chairman of the Advisory Board)
Klaus Wiegandt Chairman of the Supervisory Board of MAXDATA AG (29.06.2007 - 26.02.2008) Deputy Chairman of the Supervisory Board (since 26.02.2008)	Pironet AG (Chairman)	Hamm-Reno Group GmbH & Co. KG (Member of the Advisory Board)
Bernhard Scholtes Deputy Chairman of the Supervisory Board of MAXDATA AG (29.06.2007 - 26.02.2008) Managing Director of MHS Consult GmbH	DFH Deutsche Fertighaus Holding AG	
Dr. Matthias Händle Chairman of the Management of Hamm-Reno Group GmbH & Co. KG		
Claas Kleyboldt Honorary Chairman of the Supervisory Board of AXA Konzern AG Lawyer	AXA Konzern AG (Chairman) (to 24.07.2007) AXA Lebensversicherung AG (Chairman) (bis 23.07.2007) AXA Service AG (Chairman) (to 20.04.2007) AXA Versicherung AG (Chairman) (to 19.04.2007) Hapag Lloyd AG	AXA Art Insurance Corporation New York (to 12/2007) AXA Art Insurance Limited, London (to 12/2007) MDM Schauberg GmbH & Co. KG (Member of the Supervisory Board) Tertia Beteiligungsges. mbH (Deputy Chairman)
Hans Reischl Former Chairman of the Management Board of REWE Zentral AG	Alte Leipziger Holding AG Alte Leipziger Versicherungsges. aG Arcandor AG	Commerzbank AG (Member of the Central Advisory Board) Deichmann Schuhe GmbH & Co. Vertriebs KG (Member of the Advisory Board) Cerberus Global Investments, LLC, New York, Senior Advisor

9. Note in respect of Article 285, No. 16 of HGB

On 27 February 2007 the Management Board and Supervisory Board issued the declaration required by the Government Commission on the German Corporate Governance Code, pursuant to Article 161 of AktG and make it permanently available to the shareholders on the MAXDATA AG website at www.maxdata.de/unternehmen/investor_relations/ corporate_governance/index.html

Marl, 27 February 2008

MAXDATA AG
Der Vorstand

Thomas Stiegler Ralf Coenen

Declaration in accordance with Article 264 Para. 2 Sentence 3 and Article 289 Para. 1 Sentence 5 of the German Commercial Code (HGB)

As the statutory representative of the Company, we affirm that, to the best of our knowledge, the financial statements give a true and fair view of the net assets, financial position, and profitability in accordance with the applicable accounting principles. As the statutory representative of the Company, we also affirm that, to best of our knowledge, the management report gives a true and fair picture of the Company's business development, including the Company's result and financial position, and that it adequately describes key opportunities and risks of expected developments.

Marl, 27 February 2008

Thomas Stiegler Ralf Coenen

Auditor’s Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of MAXDATA AG for the business year from 1 January to 31 December 2007. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the shareholder agreement are the responsibility of the Company’s Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company’s Board of Managing Directors, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

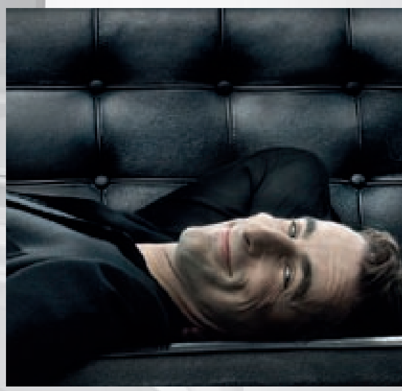
Our audit has not led to any reservations.
In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the shareholder agreement and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

According to our duties, we refer to the fact that the Company's ability to continue as a going concern is threatened by risks which are described in section "Risks that could jeopardize the existence of the company" of the management report. In this section it is stated that the Company's ability to continue as a going concern will be at risk in the medium and long term, if the factual development of the subsidiaries is significantly below corporate planning.

Essen, 27 February 2008

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Martin Theben	ppa. Dagmar Fouquet
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)



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