FINANCIAL REPORT 2005

Mount10 Holding AG

Contents

	Page
Mount10 Holding AG; Overview	3
Letter to Shareholder	4
The Company	6
The Market	7
Management and Board of Directors	8
Mount10 Shares	10
Comment on Financial Year 2005	11
Outlook	12
Consolidated Balance Sheet (IFRS)	13
Consolidated Income Statement (IFRS)	15
Consolidated Cash Flow Statement (IFRS)	16
Consolidated Equity Capital (IFRS)	17
Consolidated Appendix	18

Mount10 Holding AG, Overview

Thousand EUR

	01.-12.05 EUR	01.-12.04 EUR
Sales revenues	8'716	11'715
Gross profit	4'410	6'233
Gross profit margin	***50.6%***	***53.2%***
Operating expenses	-4'241	-6'691
Depreciation	-241	-361
Earnings before special items	-72	-819
Goodwill depreciation	-	-420
Additional depreciation of tangible fixed assets	-	-1'209
Deconsolidation	-	-1'436
Financial revenue	139	-201
Other earnings	-	-
EBT	67	-4'085
EBT-margin	***0.8%***	***-34.9%***
Period surplus/shortfall	70	-4'086
Earnings per GDR, diluted	0.01	-0.38
Average of GDRs in circulation, diluted	12'637'017	10'715'616
	31.12.05	**31.12.04**
Equity capital	8'892	1'898
Equity ratio	***54.1%***	***21.4%***
Balance sheet total	16'447	8'882
Headcount	73	54

Letter to Shareholders

Dear Shareholders,

For Mount10, December marked the highlights of the year 2005 – that was when Mount10 took over NovaStor, substantially extending the company's own range of software products, as well as its sales markets and distribution channels. A cash capital increase of approx. EUR 3.6 million was also effected in December 2005, and Mount10 used it to strengthen its net current assets, to pay the cash portion due to NovaStor's shareholders, and to pay back all the outstanding bank loans. As per 31 December 2005, the company's equity quota was 54.1% (2004: 21.4%).

The sale of system integration business to SVA GmbH during the first quarter of 2006 was the last step towards focussing solely on the development and distribution of Mount10's own software products in the fields of data backup and data retention. With the take-over of NovaStor, the shortfall in turnover from system integration will be compensated in the financial year 2006: we are expecting turnover of around EUR 9 mill. and a net profit margin to a high single figure.

The long-term data storage product HiFreezer was introduced to the market in the second half of 2005. At the Cebit, we presented HiFreezer Business Edition as an additional product targeted at small and medium-sized enterprises (SME). HiFreezer Business Edition will be available from mid-2006, and it will be marketed via distribution partners as well as the company's Internet shop. The Internet is highly significant as a distribution channel. In 2006 we are expecting more than EUR 1 million in turnover from direct orders via the Internet.

We would be deligted for our shareholders to test the high performance of our products: **NovaNet-WEB**, **NovaNET10** and **NovaBACKUP** can be downloaded at www.novastor.de or www.novastor.com.

The enlarged product portfolio means that Mount10's and NovaStor's customers can be offered better services. For instance, a key customer so far mainly using Mount10's HiBack ixT can also integrate the company's notebooks in its data security system using NovaNet-WEB. On the other hand, a division already using NovaStor's NovaNET10 can continue to grow and still realise a central backup solution by using HiBack ixT.

The data security solutions that are based on our technology and are offered worldwide by various partners are particularly interesting, and we recommend to visit some of them:

www.backupandrunning.co.uk

www.colt.de

www.dsi-online.nl

www.globaldatavault.com

www.hostway.com/smb/dataprotect

www.it-workgroup.com/de/outback/start.php

www.tietoenator.com

The noticeable reticence in making investments, especially on the part of big companies, only improved slightly during the past financial year. We are assuming that demand will increase slightly in 2006. Setting up a network of partners in the Eastern European countries joining the EU did not have the desired positive results. We are strengthening our presence on the market by extending our network of distributors and by co-operating with service providers such as T-Systems, COLT Telecom and TietoEnator. Even though these partnerships were not working fully in all areas in 2005, we are still convinced that we are going in the right direction and that the service Provider have potential.

For Mount10, 2005 was a year of consolidation. By taking over NovaStor, selling our system integration business and repaying all our loans, we managed to reposition the company in December 2005. However, the turnover of EUR 8.7 mill. still failed to reach the target.

The Board of Directors and the Management are certain that Mount10 has a better standing than ever before thanks to its new products, its sales channels, and its 100% focus on software business. Our innovative strength and the market feedback on our products are excellent, and we are proud to say that we have managed to improve the quality of our products even more.

The Management is constantly on the lookout for further possibilities in the M&A segment. Mount10 is prepared for the market consolidation that is already underway.

We should like to thank all our customers for the confidence they have put in us, and we should also like to take this opportunity to warmly thank all our staff for their great commitment and their high professional standards. We will continue to consistently pursue our strategy of innovation and focus, aiming to achieve success in the long-term to the advantage of customers, staff and shareholders alike.

Adrian Knapp, CEO and Chairman

The Company

Mount10 is a software manufacturer operating at international level, which focuses on data availability and data security. The Mount10 Group is headquartered in Switzerland, and it has branches in Germany, Finland and the USA. In cooperation with distribution partners, additional markets are also covered.

Data availability is a challenge of vital significance in business. Mount10 develops and markets software for the backup, restoration and retention of critical data. All Mount10's software products are optimised for data-intensive and data-sensitive environments. The products:

HiFreezer™ is storage software for selectively archiving electronic business data over a period of several years in accordance with statutory regulations. The system functions in accordance with the rules on data access and the auditing of digital documents that are laid down by the German Ministry of Finance, and meets the requirements laid down in the Sarbanes-Oxley Act (SOX), which states that data backup, documentation, auditing and restoration must be guaranteed at all times. **HiFreezer™** provides businesses with cheap, efficient technology for meeting legal requirements, as well as self-defined processes for storing data. Thus for instance, the system covers functions of archiving systems that are relevant to tax inspections, and at the same time it takes precautions against data losses arising from out-dated technology, changes in equipment or defective copies. **HiFreezer™** uses the existing infrastructure, is not contingent on hard- and software, meets legal requirements, and has been TÜV certified since October 2005 (10/2005).

At the Cebit 2006, Mount10 presented the new **HiFreezer™ Business Edition** (HiFreezer™ BE). HiFreezer™ Business Edition gives small and medium-sized enterprises and individual departments in big companies an "out-of-the-box" means of storing data and archiving emails over long periods in accordance with legal requirements. With the HiFreezer™ Business Edition, system integrators can realise business and earnings models that are geared towards customer needs.

HiBack ixT is backup and restoration software that meets highest demands. The product is based on a modular architecture that guarantees no platform or hardware dependence, high speed, unlimited scalability, and constant availability. With active clients and passive servers, the software achieves far better performance than other products when it comes to data backup and data restoration.

HiBars ixT is a framework for effectively managing data backup, restoration and retention processes covering whole networks. In heterogeneous, dynamic IT environments, HiBars ixT handles central job scheduling and process management. The individual processes can be programmed quickly and easily using a graphic user interface.

HiConn is the central management level for all Mount10 software products and selected external products. This solution offers functions (monitoring, controlling and analysis) that are optimised for data backup/restore/retention.

NovaNet-WEB is an online backup solution for all businesses. Bigger service providers offer you with NovaNet-WEB a backup service that generates recurring revenues. Via the Internet, the software backs up the business's critical data that is stored on mobile and internal and external Microsoft Windows workplaces. Centrally managed user profiles and policies control the data backup. **NovaNet-WEB's** software architecture allows all the staff to backup and restore at any time in any place: "ATAP Backup & Restore".

NovaNET10 offers a comprehensive solution for data backup and data protection requirements within a single network (server and PC desktops) at small and medium-sized enterprises. The software supports Microsoft Windows, Linux and Netware. The version of NovaNET10 that has been on the market since the beginning of 2006 offers the growing SME market features which meet both the requirements of these firms, and the needs of bigger companies in terms of function and quality.

NovaBACKUP for smaller businesses and end users enables the user to restore data after a complete system breakdown or in other emergencies. Employing a safe, user-friendly process, the software offers automatic, reliable and cheap protection for all critical sets of data.

Market

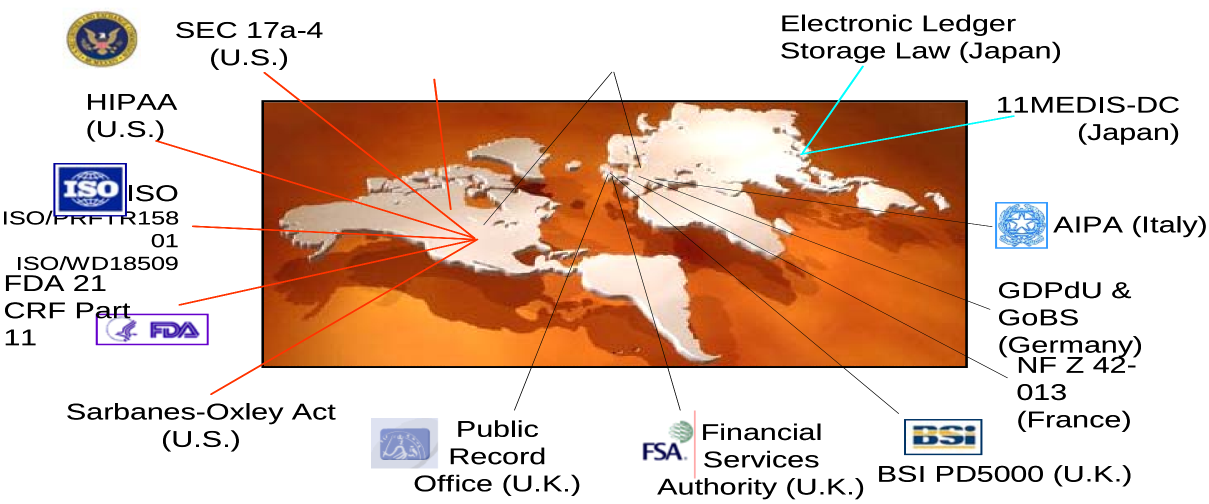
Growth in the market for data protection solutions is driven by two factors. The first is the exponential rise in the quantity of data, which has made storage hardware and software the biggest items in companies' and institutions' IT budgets. According to a survey by Vanson Bourne three-fourths of the CIOs of European companies consider data protection to be critical to their business model.

Secondly, according to IDC, statutory requirements account for about 40% of the growth. In the US, the rules which are relevant in this connection are those stipulated in the Sarbanes-Oxley Act (access to data for the US securities regulatory authority, the Securities and Exchange Commission or SEC), in the Health Insurance Portability and Accountability Act and by the Department of Defense. In Europe, requirements are imposed by Basle II. In Germany, the statutory requirements for digital audits (known as GDPdU and GoBS) have also to be complied with.

Tax-relevant information which is contained increasingly in e-mails has to be stored electronically in a form which can be verified as the authentic original. Crucial in a legal dispute is the quality of the electronic document as proof. Optimum evidentiary quality is assured if information has been archived in accordance with the rules of generally accepted accounting practice. Tax-relevant data must be available to the auditor in case of need in electronic, verifiable form.

Worldwide, there are more than 10,000 laws and regulations governing the storage of digital data (see chart below). The laws and rules necessitate heavy investment by the firms and institutions affected.

Selected statutory regulations relating to the storage of electronic data



Against this backdrop, the software market for storage and data security software is witnessing strong organic growth. In Q2 2005 market revenue saw double-digit growth for the six quarter running. IDC estimates that sales in the storage software market rose 17.1% in 2005.

Management, Board of Directors

As per 31 December 2005, the Management and the Board of Directors at Mount10 Group comprised the following persons:

Management

Adrian Knapp (43), President and delegate of the Board of Directors, is a qualified business economist. In 1991 he founded COPE which was then incorporated in Mount10. After basic training in the commercial field and working outside the IT branch, as well as spending some time abroad, he embarked on his career in IT in 1987.

Markus Bernhard (41), Chief Financial Officer, started working for COPE Inc. in September 1997, and he has been CFO of Mount10 Holding AG since July 2000. After taking his degree at St. Gallen School of Commerce (*lic. oec., Handelshochschule St. Gallen*), Markus Bernhard worked for PricewaterhouseCoopers from 1991-97. During this period, he continued his training and successfully qualified as a Swiss CPA.

Board of Directors

Adrian Knapp (President). Mr. Knapp is also a member of the board of directors at Dimeno AG, CH-Luzern.

Peter Urs Naef (Member). Mr. Naef is also a member of the board of directors at Engelberg Titlis Tourismus AG, CH-Engelberg; PMpartners Portfolio Management Services, CH-Lucerne; The Guide Company AG, CH-Zurich; and a delegate of the board of directors at Swiss Equity Medien AG, CH-Berne. Mr. Naef is the owner and partner NAEF PARTNERS AG, CH-Zurich.

Markus Stalder (Member). Mr. Stalder is a lawyer and notary at the law firm Stalder Murer, CH-Cham/ZG. Apart from this, he is also the president of the board of directors at Translex AG, CH-Cham/ZG, a company providing consultancy services in the field international law and taxation, and a delegate of the board of directors at Roter Pfeil AG, CH-Cham/ZG, Immobilien- und Unternehmens-Vermittlung (agents for real estate and businesses).

Changes in the Management & Board of Directors

In August 2005, Mr. Erik Wirz retired as the company's Chief Operating Officer. The Management and the Board of Directors thank Mr. Wirz for his great commitment to Mount10 and wish Erik Wirz every success in his new job.

At the general meeting held on 29 April 2005, Mr. Werner S. Welti declared his resignation from the Board of Directors at Mount10 Holding AG. Mr. Welti was a member of the Board of Directors for 3 years, and he made a vital contribution towards Mount10's development and success. The Board of Directors and the Management thank Mr. Welti for his professional support and his great commitment to Mount10.

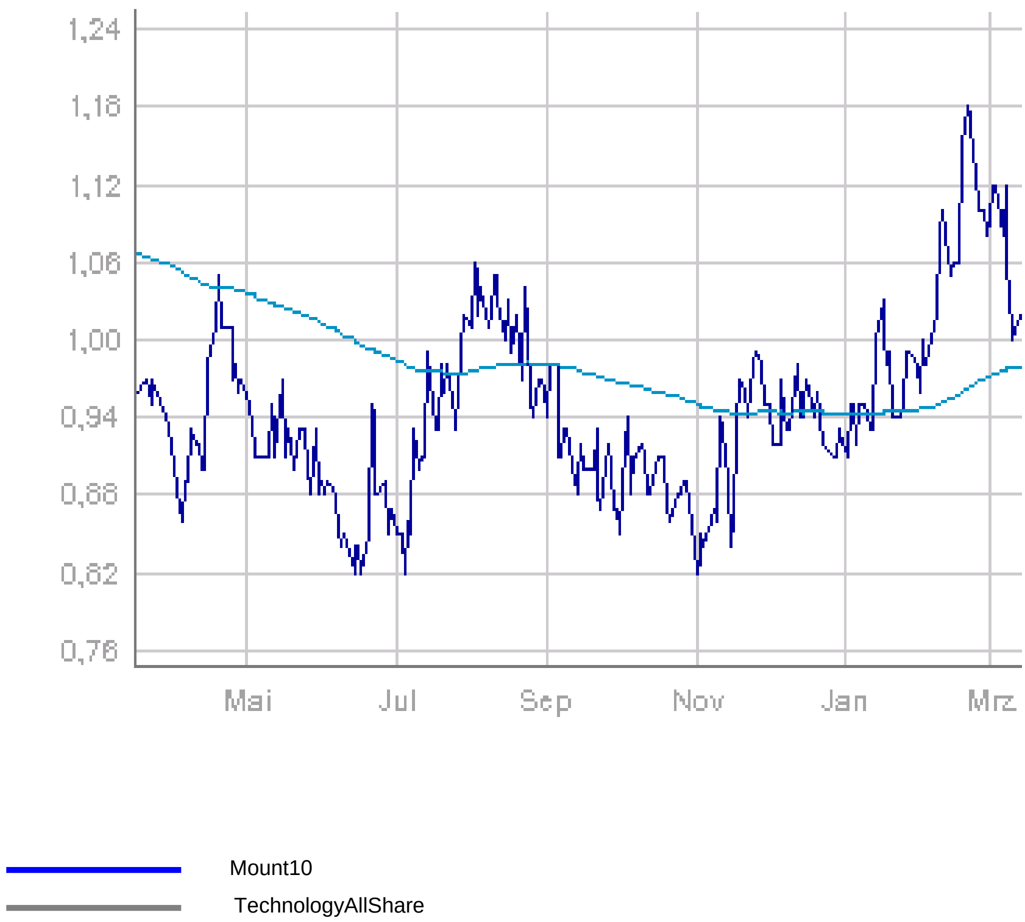
At the general meeting held on 29 April 2005, Mr. Markus Stalder, lawyer from Zug, was elected a new member of the Board of Directors.

Mount10 Shares

The share price of Mount10 Holding AG has developed as follows over the last 12 months:

Highest price (Xetra) 04.02.05: Euro 1.33
Lowest price (Xetra) 08.11.05: Euro 0.79

Benchmark Prime Standard (12 months)



Shareholders and interested readers who have not yet subscribed to our Investor Relations mailing list can register on our homepage at www.mount10.com/en/ir/newsletter.htm or directly via e-mail to investorrelation@mount10.com.

Comment on the Financial Year 2005

Comparability of Figures

Over the past two years, Mount10 has developed into a provider of software solutions and services. The turnover in 2005 and 2004 was attained with its own software products and from its system integration business. With the system integration business being sold in the first quarter of 2006, Mount10's turnover in 2006 will be attained exclusively with its own software products.

In the financial year 2004, 60% of the Finish firm was sold to the company's local management, and Mount10 retained a minimum holding of 40%. In October 2004, Mount10's Austrian activities were sold to S&T. The results of both companies up until September 2004 are consolidated in Mount10's consolidated accounts. The financial figures for 2005, in particular with regard to turnover, are thus only to a certain extent comparable with those for 2004.

Mount10's consolidated income statement for 2005 does not contain any profit and loss figures from NovaStor Corp. that was acquired in December 2005. The first-time consolidation of NovaStor's balance sheet was done per 31 December 2005, meaning that NovaStor's turnover is included in Mount10's group accounts as from 1 January 2006.

Turnover

In the financial year 2005, the company attained sales revenues of EUR 8.7 million. Compared to the preceding year, this meant a fall of 25.6% or EUR 3.0 mill.

Without including the turnover for Finland and Austria in preceding years, the adjusted turnover figures are distributed as follows:

	Year 2005	Year 2004
Germany	65.4%	67.2%
Switzerland	32.6%	27.2%
USA	2.0%	5.6%

Gross Sales Result

For the financial year 2005 the gross margin is 50.6% (2004: 53.2%). The profit contribution or gross profits in 2005 are EUR 4.4 million (2004: EUR 6.2 mill.). The fall in gross profits by EUR 1.8 million or 29.2% is due to the fall in turnover of 25.6%, caused in particular by the deconsolidation of activities in Austria and Finland per 30 September 2004.

Operating Expenses

In the financial year 2005, the operating expenses are EUR 4.2 million (2004: EUR 6.7 mill.). The fall of 37.3% is caused by the deconsolidation of activities in Austria and Finland per 30 September 2004, and due also to continuing strict cost management.

Operating Result Before Special Items

The operating result before special items is EUR –72 K in the financial year 2005 (2004: EUR –817 K). The reduction in losses in this financial year is due in particular to the deconsolidation of activities in Austria and Finland per 30 September 2004.

Depreciations

In 2005, depreciations total EUR 0.24 million (2004: EUR 1.57 mill.). The reason why depreciations fell by EUR 1.33 million in 2005 as compared to 2004 is because the book value of DataFortress totalling EUR 1.2 million was fully written off on 31 December 2004.

Depreciation of Goodwill
In 2005, the depreciations of goodwill total EUR 0 as compared to EUR 0.42 million in the preceding year. The implementation of IFRS 3 “Business Combinations”, IAS 36 (revised) and IAS 38 (revised) led to a change in the accounting for goodwill. Until 31 December 2004, the goodwill was subjected to linear depreciation over its expected useful life, and reviewed on each balance sheet date to establish any impairments. In agreement with the requirements laid down in IFRS 3, the Group discontinued depreciating goodwill on 31 December 2004. The cumulative depreciations as per 31 December 2004 were offset against the goodwill acquisition costs. Goodwill is now reviewed to establish impairments during the second half of the accounting year.

Result for the Period
The result for the period is EUR 0.07 million in 2005 (2004: EUR –4.1 million). Special items in the figure EUR 3.07 million (write-off DataFortress EUR 1.21 million, deconsolidation losses EUR 1.44 million and depreciations on goodwill over EUR 0.42 million) meant that non-recurring pressure was put on the Group profit and loss in the year 2004. In the financial year 2005 on the other hand, profits of EUR 0.2 million were attained from selling fixed assets.

Borrowed Capital on Which Interest is Payable
As per 31 December 2005, the borrowed capital on which interest is payable was reduced to EUR 1.4 million (2004: EUR 2.36 million). The reduction by EUR 1 million is due to loan redemptions worth EUR 0.55 million and to an unconditional waiver of a claim worth EUR 0.38 million.

Liquidity
The cash and cash equivalents per 31 December 2005 total EUR 4.0 million (31.12.2004: EUR 1.7 million). As per 31 December 2005 the net current assets total EUR 1.3 million (2004: EUR –1.4 million). The net current assets include short-term loan liabilities (due within 12 months) worth EUR 0.34 million (2004: EUR 1.0 million). The outstanding loan of EUR 0.34 million was paid back in full in January 2006.

Outlook

On taking over NovaStor, Mount10 took a decisive step in December 2005 towards extending its software business in the market segment for mobile data backup. In addition, the wider range of products improves the company’s position on the SME market. Expanding direct market access in the USA and the Internet as a sales channel are further advantages provided by the NovaStor takeover. Mount10 was decisively strengthened in the 4th quarter of 2005 by its takeover of the American firm NovaStor as well as by measures effecting a capital increase.

In March 2006, Mount10 sold its system integration business to SVA, thus becoming a provider of software only. Mount10 can now focus fully on marketing software products.

For the business year 2006 we expect a revenue of approx. EUR 9 million as well as a net profit margin in the upper single-digit area.

Consolidated Balance Sheet (IFRS)

	Ref.	31.12.05	31.12.04	31.12.03
ASSETS		**EUR**	**EUR**	**EUR**
Short-term assets				
Liquid resources		3'964'422	1'651'865	2'477'827
Accounts receivable from sales & services	E1	2'223'939	941'808	1'576'218
Intercompany accounts receivable		68'636	0	0
Inventories		139'342	69'474	306'404
Accruals and other short-term assets	E2	413'390	212'908	1'611'801
Short-term assets, total		**6'809'729**	**2'876'055**	**5'972'250**
Long-term assets				
Tangible fixed assets	E3	270'575	318'414	625'766
Intangible assets	E3	1'469'329	251'914	270'000
Goodwill	E3	7'548'624	5'095'618	6'333'535
Associated companies		311'476	268'501	121'495
Deferred taxes	E4	37'494	71'752	1'772
Long-term assets, total		**9'637'498**	**6'006'199**	**7'352'568**
Assets, total		**16'447'227**	**8'882'254**	**13'324'818**

Consolidated Balance Sheet (IFRS)

	Ref.	31.12.05	31.12.04	31.12.03
EQUITY & LIABILITIES		**EUR**	**EUR**	**EUR**
Short-term liabilites				
Short-term loans and short-term share of long-term loans	E5	340'000	1'002'505	1'226'533
Accounts payable for goods and services		1'715'490	723'708	1'934'243
Advance payments received		84'639	0	0
Short-term liability reserves	E6	296'213	119'788	86'003
Deferred revenues		1'404'610	1'284'097	1'685'669
Income tax payable		166'567	133'263	219'876
Other accounts payable	E7	649'569	211'904	162'179
Deferred income	E8	895'581	811'815	560'944
Short-term liabilities, total		**5'552'669**	**4'287'080**	**5'875'447**
Long-term liabilities				
Convertible bonds, long-term loans	E9	1'059'999	1'360'227	816'973
Long-term liability reserves	E10	890'783	1'236'175	1'504'926
Deferred taxes	E11	51'955	100'928	118'036
Long-term liabilities, total		**2'002'737**	**2'697'330**	**2'439'935**
Equity capital				
Subscribed capital	E12	4'478'155	2'572'377	2'379'746
Capital reserve		6'416'811	1'369'923	615'027
Net profit		226'939	149'460	4'235'448
Cumulative exchange rate differences		-2'230'084	-2'193'916	-2'220'785
Equity capital, toal		**8'891'821**	**1'897'844**	**5'009'436**
Equity and liabilites, total		**16'447'227**	**8'882'254**	**13'324'818**

MOUNT10
DATA CONTINUITY ARCHITECTS™

Consolidated Income Statement (IFRS)

	Ref.	01.-12.05	01.-12.04	01.-12.03
		EUR	EUR	EUR
Sales revenues	F1	8'715'782	11'714'625	14'253'076
Raw materials and consumables	F1	-4'305'577	-5'482'001	-6'568'365
Gross profit	F1	**4'410'205**	**6'232'624**	**7'684'711**
Staff costs	F2	-3'055'491	-4'494'925	-5'032'723
Other operating expenduture	F2	-1'382'674	-2'197'740	-2'392'758
Income from sale of fixed assets		196'858	1'684	-2'044
Depreciation	E3	-240'606	-360'584	-617'492
Goodwill depreciation	E3	0	-420'118	-447'307
Additional depreciation of tangible fixed assets	E3	0	-1'208'870	0
Deconsolidaiton	F6	0	-1'436'022	0
Earnings before financial result and taxes		**-71'708**	**-3'883'951**	**-807'613**
Financial revenue	F3	391'946	7'944	2'166'079
Financial expenditure	F4	-220'224	-180'776	-285'898
Financial expenditure for associated companies	F4	-18'640	-17'884	0
Currency exchange result	F5	-14'373	-9'834	-215'540
Earnings before taxes		**67'001**	**-4'084'501**	**857'028**
Income taxes	F7	2'686	-1'487	-53'477
Period surplus		**69'687**	**-4'085'988**	**803'551**
Earnings per GDR				
undiluted		0.01	-0.38	0.09
diluted		0.01	-0.38	0.09
Average of GDRs in circulation				
undiluted		11'863'630	10'623'618	8'616'303
diluted		12'637'017	10'715'616	8'620'285

Consolidated Cash Flow Statement (IFRS)

	01.-12.05	01.-12.04	01.-12.03
	EUR	EUR	EUR
Period profit (loss)	69'687	-4'085'988	803'551
Depreciation of fixed assets and amortization of intangible assets	240'606	1'569'454	617'492
Goodwill depreciation	0	420'118	447'307
Financial revenue	-153'082	190'716	-1'880'181
Tax revenue	-2'686	1'488	53'477
Loss / (profit) from the sale of fixed assets	-196'858	-1'684	2'044
Deconsolidation loss	0	1'436'022	0
Change in accounts receivable from sales and services	-1'195'594	476'041	1'846'868
Change in inventory	19'885	21'797	14'719
Change in other current assets	3'845	-273'495	345'055
Change in accounts payable for goods and services	847'023	-1'033'694	-557'460
Change in other short-term borrowings	-535'860	-262'693	-464'540
Taxes paid	-24'468	-7'769	-6'948
CASH FLOW FROM OPERATING ACTIVITIES	**-927'502**	**-1'549'687**	**1'221'384**
Investment in fixed and intangible assets	-133'847	-152'589	-254'665
Sale of tangible fixed assets	0	5'119	5'868
Investment aquisitions	-227'173	0	-8'537
Outflow of funds due to deconsolidaiton	0	-241'842	0
Interest receivd	13'876	7'944	3'944
CASH FLOW FROM INVESTMENT ACTIVITIES	**-347'144**	**-381'368**	**-253'390**
Net revenue from capital contribution	4'224'850	795'337	1'338'083
Net revenue from placement of convertible bond	0	1'111'317	0
Repayment of loans	-550'000	-740'806	-207'540
Interest paid	-85'204	-46'869	-129'397
CASH FLOW FORM FINANCING ACTIVITIES	**3'589'646**	**1'118'979**	**1'001'146**
Currency difference	-2'442	-13'886	-36'362
CHANGE IN LIQUID RESOURCES	**2'312'558**	**-825'962**	**1'932'778**
LIQUID RESOURCES AT BEGINNING OF PERIOD	**1'651'865**	**2'477'827**	**545'049**
LIQUID RESOURCES AT END OF PERIOD	**3'964'423**	**1'651'865**	**2'477'827**

Consolidated Equity Capital (IFRS)

EUR	Subscribed capital	Capital reserves	Net profit	Cumulative exchange rate difference	TOTAL
Balance 01.01.03	**4'700'738**	**3'025'853**	**-2'649'436**	**-1'998'287**	**3'078'868**
Exchange rate difference	0	0	0	-222'498	-222'498
Net costs directly recognised in equity	0	0	0	-222'498	-222'498
Result for the period			803'551		803'551
Total net income	0	0	803'551	-222'498	581'053
Increase in capital	734'488	753'515	0	0	1'488'003
Cost of increase in capital	0	-138'488	0	0	-138'488
Decrease in capital	-3'055'480	-3'025'853	6'081'333	0	0
Balance 31.12.03	**2'379'746**	**615'027**	**4'235'448**	**-2'220'785**	**5'009'436**
Exchange rate differences	0	0	0	26'869	26'869
Net costs directly recognised in equity	0	0	0	26'869	26'869
Result for the period	0	0	-4'085'988	0	-4'085'988
Total net income			-4'085'988	26'869	-4'059'119
Increase in capital	192'631	684'197			876'828
Cost of increase in capital		-82'007			-82'007
Convertible bond		152'706			152'706
Balance 31.12.04	**2'572'377**	**1'369'923**	**149'460**	**-2'193'916**	**1'897'844**
Exchange rate difference	0	0	0	-36'168	-36'168
Stock optiopn plan	0	0	7'792	0	7'792
Net costs directly recognised in equity	0	0	7'792	-36'168	-28'376
Result for period	0	0	69'687	0	69'687
Total net income			77'479	-36'168	41'311
Increase in capital	1'905'778	5'298'756	0	0	7'204'534
Cost of increase in capital	0	-251'868	0	0	-251'868
Balance 31.12.05	**4'478'155**	**6'416'811**	**226'939**	**-2'230'084**	**8'891'821**

With capital increases that were carried out in August and December 2005, the equity was increased by EUR 6,952,666; the portion of the capital increase resulting from the non-cash contribution made by NovaStor in December 2005 was EUR 2,727,816. As per 31 December 2005, the share capital totals CHF 6,792,296 and it is divided into 1,940,656 bearer shares having a par value of CHF 3.50 each.

In October 2004, convertible bonds totalling EUR 1.2 million were issued. By valuing the convertible bonds and breaking them down into borrowed capital and equity, the equity was increased by EUR 152,706.

Further disclosures on Group equity are given in the Notes in E12.

Consolidated Appendix

A Corporate Data

General

The headquarters of Mount10 Holding AG (Mount10) are located at Grundstrasse 12 in Rotkreuz, Canton Zug (Switzerland). The company incorporated on 16 December 1999. Mount10 had 73 employees on 31 December 2005. The balance sheet date is 31 December and the accounting period begins on 1 January and ends on 31 December.

This financial report was approved by the board of directors on 10 March 2006.

B Accounting Rules

The consolidated financial statement of Mount10 Holding AG is based on uniform accounting principles and standards of valuation. The consolidated financial statement is created and published in accordance with the International Financial Reporting Standards (IFRS).

Preparing consolidated group statements in compliance with IFRS calls for estimates, in addition to which using accounting policies that apply throughout the entity require valuations to be made by the management. Areas with greater scope for assessment or of great complexity, or areas where assumptions or estimates are of decisive significance for the consolidate group statement (further explanations ager given in D25).

C Consolidaiton Priciples

1. Consolidated Group

The consolidated group includes the following companies:

Name / Headquarters	*Country*	*Share*	*Capital stock*		*Consolidation method*
Mount10 Holding AG, Rotkreuz	Switzerland	100%	CHF	6'792'296	Full consolidation
Mount10 Schweiz AG, Rotkreuz	Switzerland	100%	CHF	600'000	Full consolidation
Mount10 Software AG, Rotkreuz	Switzerland	100%	CHF	100'000	Full consolidation
Mount10 Software GmbH, Hamburg	Germany	100%	EUR	25'565	Full consolidation
Mount10 GmbH, Dresden	Germany	100%	EUR	25'000	Full consolidation
Mount10 Software Inc., El Segundo (CA)	USA	100%	USD	1'000	Full consolidation
Mount10 Software Oy, Lappeenranta	Finland	40%	EUR	374'218	Equity method 1)
BC Business Computers AG, Aesch	Switzerland	49%	CHF	500'000	Equity method
Mount10 PCM GmbH, Rotkreuz	Switzerland	24%	CHF	55'000	Equity method
MIM Software GmbH, Dresden	Germany	100%	EUR	75'000	Full consolidation 2)
Mount10 Austria HandelsgmbH, Brunn am Gebirge	Austria	100%	EUR	72'673	Full consolidation 3)
NovaStor Corporation, Simi Valley (CA)	USA	100%	USD	0	Full consolidation 4)

1) 60% of Mount10 Software Oy was sold to the local management. The company's activities in 2004 are included for nine months in the consolidated income statement. The balance sheet items were deconsolidated with effect from 1 October 2004 consolidated as equity share as of 31 December 2004.

2) The company's activities in 2004 are included for 12 months in the consolidated income statement. The balance sheet items have been deconsolidated with effect from 31 December 2004.

3) The company's activities in 2004 are included for nine months in the consolidated income statement. The balance sheet items have been deconsolidated with effect from 1 October 2004.

4) The company was consolidated for the first time with effect from 31 December 2005. The company's activities wer not consolidated in 2005.

2. Reporting Date for Consolidated Financial Statement

All consolidated companies close their annual financial statements on 31 December.

3. Consolidation Methods

The financial statements for the individual group companies, drawn up on the key balance sheet date in accordance with uniform rules, constitute the basis on which the consolidated group statement is prepared.

Acquired subsidiaries are included in the accounts using the acquisition method. The acquisition costs correspond to the fair value of the expended assets, the equity instruments issued, and the debts created or assumed on the date of the transaction, plus the costs directly attributable to the acquisition. Assets, debts and contingent liabilities that are identifiable in the context of a business combination are recognised on first consolidation at their fair values on the acquisition date, irrespective of the number of minority shares.

The costs of the acquisition that exceed the group's share in the net assets recognised at fair value is posted as goodwill. If the acquisition costs are less than the fair value of the acquired subsidiary's net assets, then the difference is recognised directly in the income statement. Goodwill having an indefinite useful life is not subject to scheduled depreciation; instead, it is reviewed annually to establish whether a reduction in value is required.

Companies over which the group can exert a significant influence (as a rule, shareholdings between 20% and 50%) are consolidated using the equity method.

Differences from currencies that are converted on the key date of the consolidated balance sheet are entered in equity as currency differences.

Inter-Group sales, expenses and earnings, as well as all receivables and payables existing between the consolidated companies, are eliminated.

Any interim profits in the fixed assets are eliminated.

D Accounting Policy

1. Changes in Accounting Policy

1.1 General

The asset and liability items are valued taking into account the rules laid down in IFRS. Explanations are given about any changes in the accounting policies used.

In 2005, the Group used the IFRS Standards listed below for the financial year 2005 insofar as these standards were relevant to its operations. The disclosures made for the financial year 2004 were adapted in accordance with the relevant standards:

IFRS 2 (new)	Share-based payments
IFRS 3 (new)	Business combinations
IFRS 5 (new)	Non-current assets held for sale and discontinued operations
IAS 1 (revised 2003)	Presentation of financial statements
IAS 2 (revised 2003)	Inventories
IAS 8 (revised 2003)	Accounting policies, changes in accounting estimates, and errors
IAS 10 (revised 2003)	Events after the balance sheet date
IAS 16 (revised 2003)	Property, plant and equipment
IAS 17 (revised 2003)	Leases
IAS 21 (revised 2003)	The effects of changes in foreign exchange rates
IAS 24 (revised 2003)	Related party disclosures
IAS 27 (revised 2003)	Consolidated and separate financial statements
IAS 28 (revised 2003)	Investments in associates
IAS 32 (revised 2003)	Financial instruments: disclosure and presentation
IAS 33 (revised 2003)	Earnings per share
IAS 36 (revised 2004)	Impairment of assets
IAS 38 (revised 2004)	Intangible assets
IAS 39 (revised 2003)	Financial instruments: recognition and measurement

The application of IAS 2, 8, 10, 16, 17, 21, 24, 27, 28, 32 and 33 (all revised in 2003) led to an adjustment of the accounting, but it did not have any effect on the figures in the group statement.

The application of IAS 39 (revised in 2003) did not lead to any change in the classification of financial assets, because they only consisted of receivables and liquid funds. No financial assets were recognised at fair value in profit and loss.

The change-over to IFRS 2 did not lead to a retrospective accounting of share-based payments in the context of the option plan, because none of the options issued before 1 January 2005 were subject to vesting conditions. In compliance with the transitional rules laid down in IFRS 2, further information about the option plan is given in the Notes D23 and H4. Since 1 January 2005, the Group's costs from granting share options to employees have been recognised in profit and loss in accordance with the requirements laid down in IFRS 2.

The implementation of IFRS 3 "Business Combinations", IAS 36 (revised) and IAS 38 (revised) led to a change in the accounting for goodwill. Until 31 December 2004, the goodwill was subjected to linear depreciation over its expected useful life, and reviewed on each balance sheet date to establish any impairments, if there were any indications to this effect. In agreement with the requirements laid down in IFRS 3, the Group discontinued depreciating goodwill on 31 December 2004. The cumulative depreciations as per 31 December 2004 were offset against the goodwill acquisition costs. Goodwill is now reviewed to establish impairments during the second half of the accounting year. As a result of the above principle being applied, the Group profits rose by EUR 420,118.

The following standards, amendments and interpretations that have been published and have to be applied after 1 January 2006 were not applied in advance.

IFRS 6	Exploration for and evaluation of mineral assets
IFRS 7	Financial instruments: disclosures
IAS 19	Employee benefits
IAS 21	The effects of changes in foreign exchange rates
IAS 39	Financial instruments: recognition and measurement
IFRIC 4	Determining whether an arrangement contains a lease
IFRIC 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
IFRIC 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment
IFRIC 7	Applying the restatement approach under IAS 29
IFRIC 8	Scope of IFRS 2

The entity has measured the impact that these future accounting rules will have, and does not expect them to have any effect on the balance sheet and income statement. However, it is anticipated that additional disclosures will be needed in the Notes.

2. Historical Cost Concept

The annual financial statement is based on the historical cost concept. Unless otherwise indicated, assets and liabilities are posted at their nominal value minus any necessary adjustments.

3. Currency Translation

Due to the stock exchange quotation in Frankfurt the report currency of the consolidated report is the Euro.

3.1 Transactions

Foreign currency transactions are translated at the current exchange rate on the day of the transaction. At the end of the period under review, assets and liabilities in foreign currencies are translated at the reporting date exchange rate. Translation differences are taken into account in terms of net income.

3.2 Translation of Local Financial Statements

The companies' financial statements are drawn up in the currency in which each entity does most of its operations (accounting currency). For the consolidated group statement, these are then translated into EUR. The balance sheet items are translated using the exchange rate applying on the balance sheet date, and the income statement is translated using the average exchange rate for the year. This means that there is a reasonable approximation to the cumulative effects that would emerge on making conversions using the exchange rates in force on the transaction dates. The conversion difference thus calculated is posted in equity under exchange rate differences. The capital flow statement is converted using the average exchange rate.

3.3 Exchange Rates

The respective group exchange rate tables are used for foreign currency translation.

			2003		2004		2005	
in EUR	ISO-Code	Unit	31.12.	Average	31.12.	Average	31.12.	Average
Swiss Francs	CHF	1	1.5584	1.5229	1.5444	1.5434	1.5533	1.5483
US-Dollars	USD	1	1.2596	1.1345	1.3474	1.2429	1.1816	1.2396

4. Income Statement

The income statement has been created according to the total expenditure format.

5. Realization of Sales

Sales proceeds from providing consultancy services are entered as turnover when the service has been rendered in full.

Mount10 realises its sales proceeds on the basis of a contract with the final customer, as soon as the license has been delivered to the customer, the sales price is fixed or determinable, there are no significant obligations vis-à-vis the customer, and the collection of the receivables is deemed probable.

Revenues from maintenance work (including up-grade service) that are attained using the company's own back-up, restore and data retention software are recurring revenues. Revenues from maintenance agreements are generated *pro rata* in a straight line over the period for which they have been calculated. Maintenance agreements are usually invoiced to the end customers in advance either once a year or once a quarter, and the revenues are thus realised in a straight line over a period of 12 months (in the case of annual invoicing) or 3 months (in the case of quarterly invoicing). If the revenues have not yet been realised, they are entered as deferred items of turnover.

Revenues from selling hard- and software (both the company's own software and software that it has bought) are entered as turnover after it has been installed and finally accepted by the customer.

6. Warranties

The warranties for the products supplied by Mount10 are provided by the respective manufacturer of these products. Mount10 only provides a warranty for its own products. Expected warranty claims are taken into account at the time when the sale is posted. In the years 2003 – 2005 no substantial warranty claims were placed.

7. Pension Obligations

The Mount10 group provides pension schemes for employees in accordance with national legislation. They are outsourced to establishments and foundations that are financially independent of the Mount10 group.

In Switzerland, the Mount10 group bears the costs of benefits for all employees and their surviving dependents in accordance with legal requirements. The benefit obligations and the assets used to cover them are held by legally independent collective foundations of insurance companies. The organization, management and financing of the benefit schemes are based on Swiss insurance law (BVG), the foundation instruments and the applicable pension regulations.

In the case of schemes with defined benefit plans, the present value of expectancy based on seniority, expected salary and pension development, and expected return on the capital investment is periodically calculated by independent insurance experts according to the projected unit credit method.

The differences in comparison between the benefit obligations and benefit assets, as well as between the employer contributions paid and the net pension expenses are insignificant. Employer's contributions have been recorded as expenditure.

8. Costs of Borrowed Capital

The costs of borrowed capital are charged directly to the income statement.

9. Affiliated Persons and Companies

Transactions with affiliated persons and companies (related parties) are handled on terms that conform to the market. “Related persons” is understood to mean the members of the entity’s board of directors as well as the member of group management. “Related companies” is understood to mean entities where members of the board of directors have a significant influence. Further disclosures on related parties are given in the Notes E15, E16 and H7.

10. Liquid Resources

The liquid resources are posted at their nominal value. They include cash in hand, cash in post office and bank accounts, as well as fixed-term deposit investments up to 90 days.

11. Accounts Receivable from Sales & Services

Accounts receivable from sales and services are reported on the balance sheet at their nominal value. Non-payment risks are taken into account via individual value adjustments of an appropriate amount.

12. Inventories

Inventory is normally valued at the average acquisition costs. If the net sale value is lower, appropriate value adjustments are made.

13. Ordinary Taxes and Deferred Taxes

Ordinary taxes are calculated on taxable earnings according to the applicable tax rate. Deferred taxes are calculated on temporary differences between the tax balance sheet and the consolidated financial statement. The group applies the liability method, according to which the deferred taxes are determined on the basis of the tax rates applicable at the expected time of realization. Deferred tax credits are only carried as assets if realization can be expected.

14. Recording and Depreciation of Tangible and Intangible Assets

14.1 Leased Items

A lease arrangement is classified as an operating lease if all the risks and benefits associated with proprietorship predominantly remain with the lessor. Lease payments under operating lease arrangements are recognised as expenses in a straight line over the term of the lease contract.
Mount10’s leasing arrangements mainly involve vehicles. The terms of these operating lease contracts are generally between three and five years. Mount10 has not entered into any obligation to take over the lease items at the end of the term. The lease payments are recognised as costs in the income statement.

14.2 Tangible Fixed Assets

Tangible fixed assets are valued at purchase or production costs minus scheduled and non-scheduled depreciation. The costs of borrowed capital are not applied in determining the purchase or production costs, because they cannot be directly assigned to the respective assets. Depreciation is basically linear over the expected effective life.

The following depreciation periods apply:

Tangible assets	3 to 5 years
Leasehold improvements	10 years, but at most the period of the tenancy agreements

Tangible assets include computing systems, movable property, furnishings, office equipment, communication equipment, and system software.

Low-value property items with purchase costs of EUR 500 or less are debited directly from the income statement in the purchase year. Maintenance costs are recorded directly as expenses.

14.3 Goodwill

Acquired subsidiaries are included in the accounts using the acquisition method. The acquisition costs correspond to the fair value of the expended assets, the equity instruments issued, and the debts created or assumed on the date of the transaction, plus the costs directly attributable to the acquisition. Assets, debts and contingent liabilities that are identifiable in the context of a business combination are recognised on first consolidation at their fair values on the acquisition date, irrespective of the number of minority shares.
The costs of the acquisition that exceed the group's share in the net assets recognised at fair value is posted as goodwill. If the acquisition costs are less than the fair value of the acquired subsidiary's net assets, then the difference is recognised directly in the income statement. Goodwill having an indefinite useful life is not subject to scheduled depreciation; instead, it is reviewed annually during the second half of the accounting year to establish whether any impairment has occurred.

14.4 Intangible Assets

Intangible assets are capitalised at acquisition or production cost, and are generally subject to linear depreciation over their anticipated useful life. Intangible assets capitalised on the date of acquisition when consolidation is done for the first time are measured at fair value.

The depreciation periods applying are as follows:

Licenses	5 years
Software technology on acquisition date	10 years
Trademarks on acquisition date	10 years

14.5 Impairment of Non-Current Assets

Intangible assets or goodwill which have an indefinite useful life are not subject to scheduled depreciation: they are reviewed annually to see whether any impairment has occurred. Assets that are subject to scheduled depreciation are checked to see whether a reduction in value is required if events or changes in circumstances indicate that the book value may possibly no longer be realisable. Impairment losses are recognised by posting the book value that exceeds the realisable amount. The realisable amount is the higher of the two following figures: the fair value of the asset minus sales costs, or the asset's value in use. For testing intrinsic value, assets are combined at the lowest level for which cash flows can be identified separately (cash generating units).

No impairments of non-current assets were recognised in the financial years 2005 and 2003. A correction is made in profit and loss of an impairment of a non-current asset that has been recognised in costs in preceding years, if there are indications that the impairment no longer exists or may have been reduced.

15. Lendings

Lendings are capitalized at the initial value and bear interest at a customary market rate. Loans in foreign currencies are valued at the reporting date exchange rate. Any value adjustments are made on the basis of individual asset valuations, and are posted to the income statement.

16. Accounts Payable

Accounts payable are basically reported as the amount repayable. Foreign currency accounts payable are translated at the exchange rate on the reporting date, and differences due to exchange rate variations are posted in the current period operating result.

17. Advance Payments

Advance payments received are posted as advance payments within the framework of agreements, which are not accounted for in terms of current sales on the balance sheet date. They are treated as income following acceptance testing by the customer.

18. Instruments of Credit/Loans

When instruments of credit with options are issued, the loan portion is calculated on the basis of the market interest rate of comparable instruments of credit without options. After initial posting, the loan portion is reported at the amortized cost value. The issue costs are divided into a loan portion is reported at the amortized cost value. The issue costs are divided into a loan portion and an equity portion at the same ratio as the credit instrument. The amortization of the discount and issue cost share is debited from the consolidated result over the term of the credit instrument. The value assigned to exchange options on initial posting as equity capital remains unchanged during the subsequent reporting periods.

19. Liability Reserves

Liability reserves are posted at their nominal value. The value that appears most probable on careful consideration of the factual frame is set aside. Discounting is only performed if the time of outflow can be reliably determined and the effect is substantial.

20. Development

The main focus of development within the group is the development and testing of the group's own backup, restore and data retention software. Development costs for products that are already on the market are not capitalized, and are continuously debited to the income statement.

The cost of new product development are capitalized as intangible fixed assets provided future economic benefits to the group are probable. The capitalized development costs are depreciated in equal installments over their expected effective life, and check for impairment on each balance sheet date. Development costs that fail to meet the criteria for capitalization are continuously debited to the income statement.

21. Earnings per Share (GDR)

The earnings per GDR has been determined as the quotient of the net profit for the period and the weighted average of GDRs in circulation. The diluted earnings per GDR are determined in the same way as the earnings per GDR, but the weighted average of GDRs in circulation is increased by the number of GDRs that would have to be issued if the exercisable options were to be exercised whose exercise price is below the GDR's market value.

22. Estimates

In the consolidated financial statement, certain estimates and assumptions must be made, which impact the assets and liabilities reported on the balance sheet, the particulars of miscellaneous obligations on the balance sheet date, and the statement of earnings and expenditures during the period under review. The actual amounts may differ from the estimates.

23. Share Options

The fair value of share options issued to employees and executives are recognised as payment on the date of distribution. The fair value of the share options was calculated using the Black Scholes model, which is based on various assumptions that are in turn based on estimations of future uncertainties, such as the expected volatility of the GDR and the expected dividends.

24. Financial Instruments

24.1 General

Financial instruments are in particular cash in banks and indebtedness to banks, accounts receivable and accounts payable for goods and services, and short-term and long-term loans on the assets and liabilities sides. All purchases and sales of financial net assets are set to the commercial day, to which day, the company actually committed the purchase and/or sales.

With the exception of long-term loans on the assets and liabilities sides, the short-term maturity of these financial instruments means that their book value largely corresponds to the fair market value.

24.2 Interest Change Risk

The interest change risk pertains primarily to long-term, interest-bearing loans. Mount10 used no financial instruments to protect against the interest change risk in the year under review.

24.3 Foreign Currency Risk

Mount10 buys and sells products in foreign currencies, and is, therefore, exposed to foreign currency variations. Mount10 used no financial instruments to protect against the foreign currency risk in the year under review.

24.4 Non-Payment Risk

Financial instruments that could possibly expose Mount10 to a concentration of non-payment risks are primarily cash resources and accounts receivables from sales and services. Bank affiliations are only maintained with first-rate financial institutions. Mount10 continually checks the creditworthiness of its customers and has no significant concentrations of non-payment risks.

25. Critical Estimates & Assumptions in Accounting

All estimates and appraisals are continuously revalued on the basis of past experience and other factors, including expectations with regard to future events that appear reasonable under the prevailing circumstances. The Group makes estimates and assumptions regarding the future. This also includes e.g. provisions for on-going or potential litigation. It is obvious that the estimates thus deduced rarely exactly match the situation actually emerging later on.

For estimates in connection with Goodwill, please see E3.

E Notes on the Balance Sheet

	31.12.05 EUR	31.12.04 EUR	31.12.03 EUR

1. Accounts Receivable from Sales & Services

	31.12.05	31.12.04	31.12.03
Accounts receivable from sales & services	2'223'939	941'808	1'576'218
Intercompany accounts receivable	68'636	0	0
Total	2'292'575	941'808	1'576'218

In the financial year 2005, the losses on receivables totalled EUR 3,377 (2004: EUR 0; 2003: EUR 13,667).

2. Accruals and Other Short-Term Assets

	31.12.05	31.12.04	31.12.03
Tax receivables	33'239	29'711	163'361
Welfare receivables	560	4'902	10'615
Security deposits	46'387	37'123	37'614
Other accounts receivable	222'275	10'740	91'235
Accruals	110'929	130'432	111'740
Tangible assets to be sold	0	0	1'197'236
Total	413'390	212'908	1'611'801

3. Tangible Assets, Intangible Assets and Goodwill

Acquisition costs in EUR	Tangible assets	Intangible assets	Goodwill	Total
1 January 2003	**9'856'953**	**256'433**	**19'136'191**	**29'249'577**
Changes in consolidated group	0	0	0	0
Additions	134'665	120'000	0	254'665
Disposals	-2'935'338	0	0	-2'935'338
Impairment of value	0	0	0	0
Currency difference	-517'977	0	-1'306'719	-1'824'696
31 December 2003	**6'538'303**	**376'433**	**17'829'472**	**24'744'208**
Changes in consolidated group	-358'071	0	-2'221'724	-2'579'795
Additions	1'450'095	101'914	0	1'552'009
Disposals	-4'933'633	0	0	-4'933'633
Impairment of value	0	0	0	0
Currency difference	18'550	0	141'485	160'035
31 December 2004	**2'715'244**	**478'347**	**15'749'233**	**18'942'824**
Reclassification according to IFRS3	0	0	-10'653'615	-10'653'615
Changes in consolidated group	202'901	1'087'213	0	1'290'114
Additions	41'021	290'087	2'482'202	2'813'310
Disposals	-1'413'141	0	0	-1'413'141
Impairment of value	0	0	0	0
Currency difference	-2'873	-909	-90'239	-94'021
31 December 2005	**1'543'152**	**1'854'738**	**7'487'581**	**10'885'471**

Value adjustments in EUR	Tangible assets	Intangible assets	Goodwill	Total
1 January 2003	**7'512'389**	**16'433**	**11'868'706**	**19'397'528**
Changes in consolidated group	0	0	0	0
Annual depreciation	527'492	90'000	447'307	1'064'799
Additional depreciation	0	0	0	0
Disposals	-1'730'190	0	0	-1'730'190
Currency difference	-397'154	0	-820'076	-1'217'230
31 December 2003	**5'912'537**	**106'433**	**11'495'937**	**17'514'907**
Changes in consolidated group	-242'224	0	-1'354'340	-1'596'564
Annual depreciation	240'584	120'000	420'118	780'702
Additional depreciation	1'208'870	0	0	1'208'870
Disposals	-4'728'039	0	0	-4'728'039
Currency difference	5'102	0	91'900	97'002
31 December 2004	**2'396'830**	**226'433**	**10'653'615**	**13'276'878**
Reclassification according to IFRS3			-10'653'615	-10'653'615
Changes in consolidated group	140'005	60'226	0	200'231
Annual depreciation	143'909	96'697	0	240'606
Additional depreciation	0	0	0	0
Disposals	-1'412'662	0	0	-1'412'662
Currency difference	4'495	2'053	-61'043	-54'495
31 December 2005	**1'272'577**	**385'409**	**-61'043**	**1'596'943**

Book value in EUR	Tangible assets	Intangible assets	Goodwill	Total
1 January 2003	**2'344'564**	**240'000**	**7'267'485**	**9'852'049**
31 December 2003	**625'766**	**270'000**	**6'333'535**	**7'229'301**
31 December 2004	**318'414**	**251'914**	**5'095'618**	**5'665'946**
31 December 2005	**270'575**	**1'469'329**	**7'548'624**	**9'288'528**

	31.12.05	31.12.04	31.12.03
	EUR	EUR	EUR

The determined intangible assets to fair value from the acquisition NovaStor totally amounted to EUR 1'024'027 (details see also E14).
Assets in the category “fixed assets held for sale” were reclassified as current assets in 2003. The sale could not be realised in 2004, meaning that these assets again reverted to the fixed assets and were depreciated by an additional EUR 1.2 million due to the on-going impairment in their value.

Checking the Intrinsic Value of Goodwill

The impairment tests were done at the end of the reporting year on the basis of the companies’ 5-year financial plan. The cash-flow forecasts are based on the relevant anticipated growth in turnover and the operating results. Since the goodwill is calculated using the DCF method, no value adjustments are required.

The calculation is based on the following assumptions:

in EUR	Growth rate	Interest rate	Book value 31.12.05
Germany	3.5%	16%	4'516'697
Finland	5%-15%	16%	549'725
USA	10%	16%	2'482'202
Total Goodwill			**7'548'624**

4. Deferred Taxes

Beginning of period	71’752	1’772	0
Currency difference	-15	16	0
Changes in consolidated group	0	-80’634	0
Current period	-34’243	102’698	1’772
Deferred tax liability settlement	0	47’900	0
End of period	37’494	71’752	1’772

The deferred taxes concern the following balance sheet items:

Carryover	2’816	2’824	1’772
Liability reserves	0	31’772	0
Goodwill	34’678	37’156	0
Total	37’494	71’752	1’772

	31.12.05 EUR	31.12.04 EUR	31.12.03 EUR

Deferred tax credit from carryovers from the years 1999 to 2005 amounting to approximately EUR 29.5 Mio. are not carried as assets on the balance sheet, since the respective companies reported losses in the recent past.

There is a time limit on offsetting the carryovers agianst future profits. The carryovers expire from the year 2006.

2006	140'350
2007	2'734'622
2008	14'875'879
2009	7'141'638
2010	185'977
2011	2'463'331
Später	1'993'735
Total	29'535'532

5. Short-Term Loans and Short-Term Share of Long-Term Loans

The short-term loans from banks include a loan of EUR 340,000 (2004: EUR 1,002,505; 2003: EUR 1,226,533). The interest rate in the years 2003-2005 was 4.5% - 5.0%.

6. Short-Term Liability Reserves

Discontinued operations	0	119'788	0
Other liability reserves	296'213	0	86'003
Total	296'213	119'788	86'003

Beginning of period	119'788	86'003	1'006'648
Exchange rate differences	0	393	-66'770
Changes in consolidated group	296'213	0	0
Draft	-119'788	-56'939	-146'858
Dissolution	0	-29'534	-371'830
Reclassified	0	119'865	-335'187
End of period	296'213	119'788	86'003

Due to the discontinued operations in the year 2001, EUR 119,788 (2004: EUR 56,939; 2003: EUR 146,858) of the short-term liability reserve were used up. Following a re-assessment of the liability reserve, an amount totalling EUR 29,534 was reversed in 2004 (2003: EUR 371,830), and in 2004 EUR 119,865 (2003: EUR –335,187) of the long-term liability reserves were reclassified short-term liability reserves. When NovaStor was first consolidated with effect as from 31 December 2005, the short-term liability reserves increased by EUR 296,213. Amongst other things, “other liability reserves” includes a contingency for a patent dispute.

	31.12.05 *EUR*	31.12.04 *EUR*	31.12.03 *EUR*

7. Other Accounts Payable

Welfare liabilities	18'991	53'602	88'049
Other accounts payable	630'578	158'302	74'130
Total	649'569	211'904	162'179

The other accounts payable mainly include accounts payable to suppliers for other operational services.

8. Deferred Liability Items

Wages, staff, social security benefits, staff hire	203'527	232'668	261'562
Auditing & Consulting	84'404	74'480	84'801
Interest expenses	20'923	40'857	46'656
Goods purchased	325'766	416'996	29'981
Other accruals	260'961	46'814	137'944
Total	895'581	811'815	560'944

The deferred liability items (salaries, social security, outstanding bills, audit, etc.) take into account all recognisable obligations vis-à-vis third parties. They are deferred up to the probable amount. In 2005, "other deferrals" include costs for producing a prospectus about the planned application procedure for admitting those shares to the stock exchange which were issued during the capital increases carried out in December 2005, because the company has undertaken to have these shares admitted for trading in the financial year 2006.

9. Convertible Bonds, Long-Term Loans

Loans from third parties	0	368'925	816'973
Convertible bonds	1'059'999	991'302	0
Total	1'059'999	1'360'227	816'973

On 20 October 2004, convertible bonds having a par value of EUR 1.2 million that expire on 19 October 2007 were issued. Interest at a rate of 7% is paid on the bonds. The value posted in the balance sheet is discounted. The effective rate of interest is 12.6% (2004: 12.7%). In connection with the convertible bonds, 1,142,860 options for co-ownership shares (GDRs) were issued. This is equivalent to an exercise price of EUR 1.05 per GDR. These options have been exercisable since the end of April 2005 and may be exercised until 19 October 2007.

In 2003-2005, the interest on loans to third parties was between 4.5% - 5.0%.

	31.12.05 EUR	31.12.04 EUR	31.12.03 EUR

10. Long-Term Liability Reserves

Beginning of period	1'236'175	1'504'926	1'266'132
Currency difference	-5'417	13'468	-83'559
Creation	0	0	0
Draft	-517'661	-143'002	-39'043
Dissolution	0	0	-153'463
Reclassified	177'686	-139'217	514'859
End of period	890'783	1'236'175	1'504'926

In 2004, EUR 119,865 (2003: EUR –335,187) were reclassified short-term liability reserves; and in 2005, EUR 177,686 (2004: EUR –19,352; 2003: EUR 0) of "other liabilities" were reclassified long-term liability reserves.

Due to a re-assessment, EUR 153,463 were reversed via "other earnings" in 2003, and EUR 179,672 of the long-term liability reserves were reclassified deferred liabilities. The reserves are allocated to possible claims. In order to prevent further disadvantages no further details are given in accordance with IAS 37 para. 92.

11. Deferred Taxes

Beginning of period	100'928	118'036	69'693
Currency differences	0	0	7'808
Change in tax rate	0	-5'601	0
Change in consolidated group	0	-10'912	0
Current period	-48'973	-48'495	40'535
Settlement against deferred tax credits	0	47'900	0
End of Period	51'955	100'928	118'036

The deferred taxes concern the following balance sheet items:

Intangible assets	24'216	60'540	108'972
Liability reserves	27'739	40'388	37'739
Goodwill	0	0	19'225
Carryover	0	0	-47'900
Total	51'955	100'928	118'036

12. Equity Capital

Share Capital

As per 31 December 2005, the share capital of CHF 6,792,296 (EUR 4,478,155) is divided into 1,940,656 bearer shares having a par value of CHF 3.50 each.

As per 31 December 2004, the share capital totalled CHF 3,835,636 and was divided into 1,095,896 bearer shares having a par value of CHF 3.50 each (2003: CHF 3,538,136 divided into 1,010,896 bearer shares having a par value of CHF 3.50 each).

GDRs of the company are listed on the stock exchange in Frankfurt. 10 GDRs correspond to 1 bearer share of Mount10 Holding AG.

Contingent Capital

The board of directors is authorised to increase the share capital by CHF 997,500 or 285,000 bearer shares. On 21 March 2005, contingent capital was used to increase the share capital by 15,000 bearer shares. The contingent capital guarantees the exercising of options to Mount10 bearer shares.

Approved Capital

At the extraordinary general meeting held on 7 December 2005, a resolution was adopted on approved capital totalling CHF 2,100,000 or 600,000 bearer shares. On 12 December 2005, the share capital was increased by a total of 420,000 bearer shares using the approved capital, such that by 6 December 2007 the share capital can be increased by a maximum of 180,000 further bearer shares or CHF 630,000.

13. Sale of Business Shareholdings

Mount10 Software Oy

As per 5 November 2004, 60% of the shares in the Mount10 Software Oy were sold. The company's activities in 2004 were consolidated in the income statement for the nine-month period up until the last interim statement dated 30 September 2004. Deconsolidation per 5 November 2004 instead of per 30 September 2004 would not have had any significant effect. The balance sheet items were deconsolidated with effect from 1 October 2004 consolidated as equity share as of 31 December 2004 (cf. F6).

MIM Software GmbH

This subsidiary has been deconsolidated as per 31 December 2005, since Mount10 sold this company and therefore has no further control (see F6).

Mount10 Austria HandelsgmbH

This subsidiary has been deconsolidated as per 30 September 2004, since Mount10 sold this company. The company ceased to exist in 2005 within the scope of an insolvency (see F6).

14. Business Combination

On 22 December 2005, Mount10 took over 100% of the American NovaStor Corporation in a share and cash transaction, whereby the acquisition method was applied.

The purchase price was made up as follows:

	EUR
Purchase price	3,523,413
Net assets (Fair value)	-1,041,211
Goodwill	2,482,202

Payment of the purchase price was done as follows:

Cash payment	795,597
Payment using shares of Mount10 Holding AG	2,727,816
Purchase price	3,523,413

For the partial payment of the purchase price, the shares of the Mount10 Holding AG were created in the context of a capital increase by a contribution in kind.

The assets and liabilities emerging from the acquisition of NovaStor are as follows:

	Fair Value	Book value
	EUR	EUR
Current assets	1,048,590	1,048,590
Fixed assets	56,018	56,018
Trademark	198,887	0
Software	825,140	25,140
Short-term liabilities	-1,087,424	-1,087,424
Net assets	1,041,211	42,324

14.1 Pro Forma Combined Consolidated Income Statement (unaudited)

Assuming that the acquisition of NovaStor had already been been effected on 1 January 2005, the consolidated income statement for the financial year 2005 would have been as follows:

EUR	Mount10 audited	NovaStor unaudited	Pro Forma Combined unaudited
Sales revenues	8'715'782	3'760'940	12'476'722
Material costs	-4'305'577	-689'445	-4'995'022
Gross profit	**4'410'205**	**3'071'495**	**7'481'700**
Operating costs	-4'241'307	-2'454'639	-6'695'946
Depreciations	-240'606	-65'821	-306'427
Operating result	**-71'708**	**551'035**	**479'327**
Financial result	171'722	-49'134	122'588
Currency result	-18'640	0	-18'640
Other results	-28'944	-425'220	-454'164
Result before tax	**52'430**	**76'681**	**129'111**
Income tax	2'686	-5'970	-3'284
Result for the period	**55'116**	**70'711**	**125'827**

15. Associated Investments

	31.12.05 EUR	***31.12.04 EUR***	***31.12.03 EUR***
Beginning of Period	268’501	121’495	121’554
Exchange rate differences	-1’478	-521	-8’400
Additions	63’093	165’411	8’341
Financial result, associated investment	-18’640	-17’884	0
End of period	311’476	268’501	121’495
Assets (proportion)	659’072	710’402	131’234
Borrowed capital (proportion)	347’596	441’901	9’739
Revenue (proportion)	852’140	958’520	18’662

16. Related parties

In the years 2005, 2004 and 2003, the following transactions were done with associated companies (equity measurement):

	2005 EUR	2004 EUR	2003 EUR
Revenue	647'971	639'699	0
Raw material	-64'970	0	0
Other operating expenses	-7'595	-30'776	-31'190
Profit from sale of assets	193'760	0	0
Financial result	-18'640	-17'884	0
	31.12.05	**31.12.04**	**31.12.03**
Receivables	68'636	0	0

Group Managers' Total Remuneration:

Salaries:
2005: EUR 297'746
2004: EUR 365'297
2003: EUR 318'875

Options for GDRs of the company:
2005: EUR 4'659
2004: EUR 3'693
2003: EUR 726

F Notes on the Income Statement

1. Sales Revenues / Cost of Sales

	31.12.05 EUR	*31.12.04 EUR*	*31.12.03 EUR*
Sales revenues	8'715'782	11'714'625	14'253'076
Raw materials and consumables	-4'305'577	-5'482'001	-6'568'365
Gross profit	4'410'205	6'232'624	7'684'711

2. Operating Expenses (excluding depreciation)

	31.12.05 EUR	*31.12.04 EUR*	*31.12.03 EUR*
Staff costs	3'055'491	4'494'925	5'032'723
Space costs	259'838	420'783	464'538
Administrative costs	849'637	1'512'938	1'662'799
Marketing & public relations	273'199	264'019	265'421
Total operating expenses (excluding depreciation)	4'438'165	6'692'665	7'425'481
Of which development expenses	*1'049'337*	*903'243*	*1'063'137*

Number of employees			
Average number of employees Jan – Dec	51	64	71
Number of exmployees on 31 December	73	54	65

Staff expenses include salaries, vacation provisions, profit sharing, external staff, training, and other staff expenses.

The administrative costs include business travel, vehicles, telecommunications, rental, leasing, consulting and other expenses.

The pension fund costs in 2005 were EUR 37,834 (2004: EUR 124,550; 2003: EUR 191,388).

3. Financial income

In 2005, the interest earned at banks was EUR 13,876 (2004: EUR 7,944; 2003: 3,944). In 2005, revenues from a bank's waiver of claim totalled EUR 378,070 (2004: EUR 0; 2003: EUR 2,162,135).

	31.12.05 EUR	31.12.04 EUR	31.12.03 EUR

4. Financial cost

The interest costs are for using credit lines, as well as interest on the outstanding convertible bonds.

	31.12.05 EUR	31.12.04 EUR	31.12.03 EUR
Interest expenses for banks and others	69'448	149'910	285'898
Convertible bond	150'776	30'866	0
Total	220'224	180'776	285'898

5. Currency Exchange Result

In business year 2005 a total of EUR 14'373 in book losses on foreign currencies (2004: EUR 9'834; 2003: EUR 215'540) were reported via the income statement. The book losses primarily reflect the influence of exchange rate variations on loan items.

6. Deconsolidation

The item comprises the following:

	31.12.05 EUR	31.12.04 EUR	31.12.03 EUR
Mount10 Austria HandelsgesmbH	0	-160'691	0
MIM Software GmbH	0	-273'471	0
Mount10 Software Oy	0	-1'001'860	0
Total	0	-1'436'022	0

	31.12.05 EUR	31.12.04 EUR	31.12.03 EUR
Mount10 Austria HandelsgesmbH	0		
Elimination of assets	0	-298'212	0
Elimination of accounts payable	0	160'271	0
Cumulative translation differences	0	-22'750	0
Total	0	-160'691	0

	31.12.05 EUR	31.12.04 EUR	31.12.03 EUR
MIM Software GmbH	0		
Elimination of assets	0	-447'888	0
Elimination of accounts payable	0	168'612	0
Cumulative translation differences	0	5'805	0
Total	0	-273'471	0

	31.12.05 EUR	31.12.04 EUR	31.12.03 EUR
Mount10 Software Oy	0		
Elimination of assets	0	-1'129'147	0
Elimination of accounts payable	0	773'199	0
Revaluation of holding and goodwill	0	-660'968	0
Cumulative translation differences	0	15'056	0
Total	0	-1'001'860	0

Further details available on E13.

	31.12.05 EUR	31.12.04 EUR	31.12.03 EUR

7. Income Taxes

Ordinary taxes	-11'990	-7'768	-6'948
Deferred taxes	14'676	6'281	-46'529
Deferred tax depreciation	0	0	0
Total	2'686	-1'487	-53'477

The effective tax result differs as follows from the expected tax result, which was calculated by multiplying the respective local tax rate by the earnings before taxes of each group company:

	Holding company tax rate			Consolidated tax rate		
	2005	2004	2003	2005	2004	2003
Earnings before taxes	67'001	-4'084'501	857'028	67'001	-4'084'501	857'028
Tax expenditure with tax rate at group headquarters	-5'963	363'521	-76'275	n/a	n/a	n/a
Tax expenditure with tax rate at the individual group companies	n/a	n/a	n/a	-64'851	551'291	20'755
Ajustment of holding company tax rate to group company rax rate	-58'888	187'770	97'030	n/a	n/a	n/a
Permanent differences	0	-14'480	-19'016	0	-14'480	-19'016
Deferred taxes not posted	67'537	-543'716	-53'094	67'537	-543'716	-53'094
Depreciation/deconsolidation	0	0	0	0	0	0
Miscellaneous	0	5'418	-2'122	0	5'418	-2'122
Consolidated tax expenditure	2'686	-1'487	-53'477	2'686	-1'487	-53'477

G Segment Reporting

Mount10 comprises a single business entity. Therefore, segment reporting takes place along geographical lines.

The division of the balance sheet values and income values between the five geographical segments is based on location of the assets and liabilities, as well as the place where income is generated.

The income statement of these geographically structured business units is based on earnings before financial result, taxes and depreciation of assets (EBITDA), as well as operating result (EBIT).

EUR in thousands

	Switzerland			Gemrany			USA			Finland			Österreich			TOTAL		
	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003
Sales revenues																		
External revenue	2'836	2'663	1'803	5'702	6'570	7'988	177	547	223	0	1'462	2'516	0	473	1'723	8'715	11'715	14'253
Intersegment revenue	417	938	646	2'068	2'450	965	0	0	0	0	0	0	0	8	48	2'485	3'396	1'659
Total revenue	3'253	3'601	2'449	7'770	9'020	8'953	177	547	223	0	1'462	2'516	0	481	1'771	11'200	15'111	15'912
Result																		
Segment result (EBITDA)	-558	-1'079	-450	696	684	731	29	49	-39	0	-85	28	0	-28	27	167	-459	297
Depreciation	-57	-86	-293	-183	-559	-550	0	0	-36	0	-96	-126	0	-41	-60	-240	-782	-1'065
Additional depreciation	0	-1'208	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-1'208	0
EBIT	-615	-1'165	-743	513	125	181	29	49	-75	0	-181	-98	0	-69	-33	-73	-1'241	-768
Other information																		
Balance sheet total	3'916	1'813	3'361	7'885	6'354	7'221	4'646	16	0	0	699	2'315	0	0	428	16'447	8'882	13'325
Accounts payable	4'325	5'161	5'141	2'371	1'674	1'755	859	149	35	0	0	985	0	0	399	7'555	6'984	8'315
Investments	214	8	5	-80	136	239	0	0	0	0	9	11	0	0	0	134	153	255

Further information concerning Finland and Austria is available on E13.

H Other Particulars

	31.12.05 EUR	31.12.04 EUR	31.12.03 EUR

1. Other Financial Obligations

Leasing and Rental Obligations

The company rents and leases office space and systems in particular. The agreements have different terms. Renewal options are available in some cases. Various agreements provide for rent increases in accordance with the development of the consumer price index and mortgage rates. Rents are treated as operating expenses.

On the balance sheet date, the following minimum payments for the future result from non-terminable rental and leasing agreements not reported on the balance sheet:

	2006	2007	2008	2009	2010
Leasing obligations	116'782	64'498	32'331	9'754	1'871
Rental obligations	261'997	231'320	133'178	35'931	2'994
Total	378'779	295'818	165'509	45'685	4'865

2. Pledged Assets

	31.12.05	31.12.04	31.12.03
Security deposits	46'387	37'123	37'614
Accounts receivable from sales & services	0	0	147'552
Other assets	0	0	461'277
Total	46'387	37'123	646'443

3. Guarantiees

As per 31 December 2005 the company had no outstanding guarantees. In the years 2003 and 2004, there were outstanding guarantees vis-à-vis banks totalling EUR 105,000.

4. Stock Options

The following table shows the development of the options over the past three years:

	2005		**2004**		**2003**	
	Options	Exercise Price	Options	Exercise Price	Options	Exercise Price
Outstanding options						
On 01 January	818'200	€1.43	923'950	€1.12	373'525	€1.71
Issued	204'110	€1.51	233'000	€2.20	602'000	€0.88
Exercised	0	-	-150'000	€0.24	0	-
Expired	-303'200	€1.11	-188'750	€1.68	-51'575	€17.48
Stand 31 December	719'110	€1.59	818'200	€1.43	923'950	€1.12
Of which exercisable on 31.12.	282'000	€1.14	550'500	€1.11	189'650	€1.58

The exercise price is a balanced average price. In 2005, the total revenues from exercising options was EUR 0 (2004: EUR 36,000; 2003: EUR 0).

In 2005, a total of 204,110 options were issued with an exercise price averaging EUR 1,51. A total of 137,110 options with an exercise price of EUR 1,60 were issued to members of the management and the board of directors in 2005. There are no vesting conditions for the options that have been issued. All of the options grant entitlement to 1 GDR (global depository receipt).

The composition of the outstanding options on 31 December 2005 was as follows:

Exercise Price	Options	Life in Years	Average Exercise Price
€1.00	282'000	1.22	€1.00
€1.60	174'110	4.00	€1.60
€2.20-€2.30	263'000	5.40	€2.21
Total	719'110	3.42	€1.59

In connection with the convertible bonds 2004/07, an additional 1,142,860 options for GDRs have been issued and may be exercised since the end of April 2004.

5. Important Events after the Balance Sheet Date

In the 1st quarter 2006 Mount10 sold the system integration business to SVA GmbH, Wiesbaden. Silence has been agreed upon the sales agreement's modalities.

6. Major Shareholders

According to Swiss stock corporation law, the company is obliged to disclose the names of all shareholders and shareholder groups whose holding exceeds 5% of all voting rights inasmuch as they are known or must be known to the company. The disclosure is made in the annual financial statement of Mount10 Holding and pertains to shares held at the end of the respective business year. Since the shares of Mount10 Holding are not listed at a stock exchange in Switzerland, the obligation to make disclosure, and the regulations of the Swiss Securities and Exchange Act (BEHG) regarding public bidding are not applicable to the company.

Additionally, §26 of the German Securities Trading Act WpHG obliges the company t6o publish the attainment or crossing of threshold values for voting interests of 5%, 10%, 25%, 50% or 75% immediately, at the latest within 9 calendar days, in a national newspaper authorized by the stock exchanges. The time limit begins when the company becomes aware that the voting interest of the respective shareholder has reached or crossed the threshold value in either direction.

The following summary reflect the shareholder structure (<5.0%) known to the company:

Surname	**Qty of global depository receipts**	**%**
Adrian Knapp	1'780'422	9.17
Credit Suisse First Boston	3'150'000	16.23

7. Security Holdings of Executive Organs

The following table provides information on the security holdings (GDR) and options on GDRs of members of executive management and the board of directors of Mount10 Holding AG on 31 December 2005:

Name	**Position**	**Category of Securities**	**Quantity**
Knapp Adrian	President and CEO	GDR Options on GDRs	1'780'422 205'650
Peter Urs Naef	Member of Board of Directs	GDR	0
		Options on GDRs	118'720
Bernhard Markus	CFO	GDR	221'231
		Options on GDRs	96'500

8. Particulars of the Board of Directors and Group Management

Board of Directors:	Adrian Knapp	President
	Peter Urs Naef	Member
	Markus Stalder	Member (as of 29.04.05)
	Werner S. Welti	Member (until 29.04.05)
Group Management:	Adrian Knapp	Chief Executive Officer
	Markus Bernhard	Chief Financial Officer
	Erik Wirz	Chief Operating Officer (until 31.08.05)