Annual Report 2007

…)plenum…

We think the future

plenum Group Key Figures

plenum Group Key Figures in € thousands	2007 IFRS	2006 IFRS	2005 IFRS	2004 US-GAAP	2003 US-GAAP
Sales revenues	22,402	26,539	27,453	41,005	40,266
Gross profit	6,809	4,527	2,482	5,800	6,628
EBITDA	588	−329	−2,705	−1,049	1,236
EBIT	183	−881	−3,383	−1,845	128
Group net result	295	−144	−3,163	−1,653	209
Earnings per share in € (undiluted)	0.03	−0.02	−0.33	−0.17	0.02
Average number of shares outstanding (undiluted, in thousand)	10,675	9,577	9,577	9,577	9,577

plenum Group Key Figures	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 US-GAAP
Equity ratio as at Dec. 31	59 %	45 %	42 %	43 %	50 %
Liquid funds / securities as at Dec. 31 (in € thousands)	4,449	3,581	5,834	6,632	8,103
Net liquidity [1] as at Dec. 31 (€ thousands) [1]	3,980	3,384	5,477	6,434	7,351
Working Capital as at Dec. 31 (€ thousands)	6,950	4,181	4,205	6,996	8,126
Balance Sheet ratios as at Dec. 31 (non-current) [2]	0.2	0.3	0.4	0.3	0.3
Balance Sheet ratios as at Dec. 31 (current) [3]	2.5	1.8	1.8	1.7	2.0
Average number of employees	157	190	221	256	309
Employees as at Dec. 31	114	188	195	242	269

[1] Liquid funds/securities less current bank liabilities and advance payments received
[2] Non-current assets/non-current equity
[3] Current assets/current equity

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Contents

Letter to our Shareholders

Dear Stockholders: Fiscal year 2007 confirmed on a lasting basis that our positioning as a Consulting Partner for the Industrialization of the Service Sector and our focus on the core strong-margin business, Management Consulting, is the right strategy for our Company in the future.

While the German market for consulting services grew by 12 % in 2007, we boosted our consulting business by more than 34 % and generated revenues of EUR 15.9 million. At the same time, the gross margin for the consolidated company soared from 17 % to over 30 %, thus reaching our target level. Hence, we have been able to triple the consulting business since 2004 (revenues of approx. EUR 5 million) in three years by means of organic growth.

Parallel to this growth, the final exit from the Software Development business as of December 31, 2006 and from the Communications Business by means of the sale of stoll & fischbach as of September 30, 2007 was strategically necessary, but has placed a major strain on the company as a whole. The fact that we have been able to successfully overcome this burden is attributable to our employees and my colleagues in management. At this point, I would like to sincerely extend my appreciation for these outstanding efforts.

The Software Development business contributed about EUR 4.4 million to revenues in 2006; however this lack of revenues was almost completely compensated by the strong growth in the Consulting business (EUR 4.1 million) as planned for 2007. The Communications business of stoll & fischbach contributed another EUR 9.0 million in 2006; but only about EUR 5.1 million until its disposal on September 30, 2007. Extrapolated to the year as a whole, this posed a serious contraction in revenues of approximately 24 %.

Adjusted for these discontinued operations, total revenues (2006: EUR 26.5 million; 2007: EUR 22.4 million) rose in the remaining operations from EUR 13.2 million in 2006 by 31.8 % to EUR 17.3 million in 2007. Based on annual revenues of about EUR 20 million for 2008, plenum anticipates organic growth largely of 15 %–20 %.

The growth experienced in the Consulting business together with the positive development of the gross margin will have gradual, lasting effects on the total profit development. This has already been demonstrated in the fourth quarter 2007, the first quarter without the Communications business stoll & fischbach, which posted EBIT of EUR 0.2 million and an EBIT margin of

Hartmut Skubch
Chairman of the
Management Board
plenum AG

4.2%. We anticipate a rise in the EBIT margin to around 6% for 2008, this means that EBIT will be about EUR 1.2 million based on planned revenues of about EUR 20 million.

Consequently, EBIT will rise from EUR –0.9 million in 2006 and EUR +0.2 million in 2007 to about EUR 1.2 million in 2008.
This disproportionate increase in net income is planned for the coming year, because

- the budgeted gross margin of approx. 30% already attained in 2008 is also expected to be maintained in the following year
- we assume annual, organic growth of about 15%–20%
- this growth leads to a more favorable fixed cost allocation, thereby allowing the EBIT margin to gradually rise to about 12%
- the tax amount will be very low in the coming years due to tax loss carryforwards of approx. EUR 18 million.

Our future development is buoyed by excellent positioning. As the Consulting Partner for the Industrialization of the Service Sector, particularly Financial Service Providers, plenum participates in the business challenges presented by this sector currently suffering an upheaval.

Especially the banks are driven to refine their industrialization program even more due to the present financial market crisis. But insurance companies and energy suppliers have also implemented corresponding change projects.

The standardization and automation of business processes, the optimization of own depth of services and the raising of service quality comprise the focus of the transformation of entire companies from monolithic Group structures to ones characterized by integrated, dynamically adjustable added-value networks.

plenum has placed emphasis on the following core competencies, which are mandatory for such a transformation process:

- Marketing and Customer Interaction Management
- Business Process Optimization & Outsourcing
- IT Strategy & IT Efficiency and
- Competence & Skill Management.

Not only can we demonstrate outstanding references in the core areas today, but we can also demonstrate the interfacing of these areas and their leverage effects on the strategic business development of our clients – and this is what critically sets us apart from our competitors. Subsequently, we attain noticeably higher effects, acceptance and sustainability in our consulting projects.

Service Sector in upheaval ... in changing times ..., a market that Management Consulting – with expertise in this field – promotes and urgently requires, a market that our company, plenum with its experience of over 20 years, will prevail over the next 10 to 15 years, a market in which we can completely contribute our abilities and our commitment with high effects.

After some stressful years during our Company‘s restructuring phase – we have now arrived at the right place at the right time! We are excited to further expand plenum AG‘s market position as THE German Management Consulting Firm – the Consulting Partner for the Industrialization of the Service Sector – in providing projects for guiding our clients in the right direction, for providing excitement to our employees and for lucrative projects for our stockholders.

I thank my employees and colleagues for their efforts and commitment and our clients for their cooperation and trusted loyalty.

To you, esteemed Stockholders, thank you for your trust, your patience and your sometimes critical, but always constructive support. As a result of company reorganization which adversely affected the earnings during a period of falling stock prices, we were not always able to escape from the general undertow of falling rates, but we did gain further stockholders in part with significant shares and we are optimistic that the stock price will reflect our actual business value in the future.
I promise you that I will work particularly hard to attain this

Wiesbaden, April 2008

Hartmut Skubch
Chairman of the Management Board
plenum AG

Company Profile

plenum, the Consulting Partner for the Industrialization of the Service Sector

The industrialization of the service sector has also been coined the 3rd Revolution of Added-Value. While the producing industries streamlined their core processes and optimized their vertical integration already in the 70's, the service sector is just at the beginning of a basic realignment. The structures of entire sectors – banks, insurance companies, energy suppliers ... – are being dismantled and rearranged. Crisis such as the present financial market crisis increase pressure on lasting reforms.
The eye of this revolution lies in the transformation from monolithic group structures to structures marked by integrated, dynamically adjustable added-value networks. In order for this multi-year lasting transformation process to have sustained success and to strengthen own competitive positions in a new service sector with new market rules, the successful service providers of the future – namely banks, insurance, energy suppliers, logistics – must answer four particular key questions:

- How can we improve our service quality and raise our customers' loyalty?
- How can we standardize our processing channels and optimize our depth of services?
- How should IT be organized and monitored so that it can deliver the best possible value contribution to the business?
- What should our employees possess on knowledge for the future and how can we expand this knowledge?

... and how do these four topics correlate?

plenum's Management Consulting segment has consequently focused on answering these core issues during the past nine years. A central theme is the target term for service companies in the future: Open Enterprise Architecture™, which was developed together with the St. Gallen University as part of a research project in 1999.

With our four core competencies we support and guide our clients during the transformation processes towards an Open Enterprise Architecture:

- Marketing and Customer Interaction Management
- Business Process Optimization & Outsourcing
- IT Strategy & IT Efficiency
- Competence & Skill Management

Marketing and Customer Interaction Management (CRM)

The systematic development of own customer potential not only demands analytical CRM procedures, but also assumes the correct brand positioning. Notably raising marketing efficiency poses today's highest challenge for the CMO (Chief Marketing Officer). Marketing Strategy, Marketing Governance and streamlined Marketing Processes comprise the successful

With our four core competencies we support and guide our clients during the transformation processes towards an Open Enterprise Architecture

recipe for the service providers of tomorrow in forming a basis for systematic interaction with the client. Analytical CRM procedures are necessary, but must be accepted by sales organizations – especially Financial Service Providers – and unfold its effects only when it complements interactive marketing by means of convincing campaigns.

Business Process Optimization & Outsourcing

Process management as is understood to be a management task in Top-Management in installing the function of a CPO (Chief Process Officer) also for (Financial) Service Providers, such as Siemens undertook 15 years ago, presents the basic prerequisite for optimizing the business processes in accordance with industry standards. AXA purchased top-management competence from the automotive industry. We offer our clients plenum expertise gained from numerous projects in process optimization (inter alia, Six Sigma), in Business Process Outsourcing and in implementing monitoring systems (Business Process Cockpit). Answering questions such as: Which processes offer optimization potential?, Which ones can be outsourced to external service providers?, Which ones can be centralized in the Group? take place at the beginning of such optimization procedures. How can cooperation between the parent company, external service providers and Group service providers be arranged? This requires solution concepts that assure sustainable processing improvements. We consult and guide you in such matters by implementing an Operating Model in the insurance sector (insurance factory) or by setting up credit factories.

IT Strategy & IT Efficiency

Is IT only a necessary accessory of a bank, insurance or is it an integral component of the business model? Successful insurance companies are not possible without highly-performing IT. But which design factors must/should IT have for strategic business development? The CIO (Chief Information Officer) must address such substantive issues based on the Business Value of IT ... and plenum IS his Partner. For over 20 years and together with client partnerships, plenum has developed IT strategies, designed IT areas to be process-oriented, assisted in setting up Group system firms and to optimize, develop IT strategies and support in the implementation. The linking to business strategies takes place via market-oriented IT Governance models and systematic, methodical communications between IT and the business.

HR & Skill Management

Every customer of a service provider values competence and service-orientation. But which competencies, which skills will the employees of a bank, insurance, logistics or IT area require in three years? The skills required by a company in three years that must be established now pose a major challenge to the CKO (Chief Knowledge Officer). plenum assists in this respect in the development and introduction of a strategic Skill Management. Starting from a forecasted, future vertical integration (Sourcing strategy), the strategic skills are identified, tasks and roles are illustrated and quantified. A portfolio ranging from coordinated measures to skill development and creation provides the basis for the implementation process. plenum assists in the implementation, such as in the setting up of Shared Service units for personnel development, establishing Corporate Universities or conducting management development programs.

StrateCIzing – our Consulting Model

Our Consulting ranges in each of these disciplines from strategy development to solutions development right up to monitoring lasting implementation. However, of utmost importance for customer use is that we master change effects beyond these disciplines and that we demonstrate to our clients which actions they require to ascend to the next step on the ladder towards successful transformation in attaining integrated added-value networks. We have coined this consulting principle as: StrateCIzing – the strategy as defined by Corporate Identity by implementing the right means (rightsizing) – and a development manager of the Open Enterprise Architecture Maturity Model (OEAMM). Based on OEAMM our clients can determine their own starting position contrary to the competition, move towards a gradual transformation and measure the degree of implementation success.

Client Structure and Industry Focus

plenum has carried out projects with more than 500 companies over the past 20 years. Our clients comprise service companies or service areas with large group structures. Within this client spectrum, plenum especially focuses on three core areas from which we generated approximately 60 % of revenues in 2007:

- Banks
- Insurance
- Energy suppliers

In addition, logistics and transportation as well as public administration form other priority industries.

plenum Organisation

plenum AG operates as a management and service company. The operative business currently underlies four plenum unit's (see the diagram below).

The largest unit, plenum Management Consulting, renders consulting services to DACH-Market (Germany, Austria, Switzerland). Via plenum FZ-LLC Dubai consulting services are offered on the UAE market (United Arab Emirates). DOM Digital Online Media GmbH designs the Competence Center "Interactive Marketing" and the youngest plenum subsidiary, in:sight, represents the Competence Center "Analytic CRM".

Management is conducted by plenum Practices, which provides professional continued development in the four core competencies across all units and is responsible for the professional management of the consulting projects.

Organizational structure of the plenum Group

plenum AG			
100 %	plenum FZ LLC Dubai (VAE)	100 %	plenum Management Consulting GmbH Wiesbaden
100 %	DOM Digital Online Media GmbH Cologne		
51 %	in:sight customer information management GmbH, Ulm		

Human Resources

The commitment and competence of our employees and key executives present decisive success factors for the future development of plenum.

plenum employees are characterized not just by their professional qualifications, but by their above average commitment, emotional intelligence, pragmatism, creativity and integrity. Consequently, they form the basis of our trustful cooperation with clients and outstanding reputation on the market.
We promote this by way of a business structure marked by openness and team spirit, cooperation and we grasp the promotion of our personal further development as a strategic investment for the quality of our services and our innovative power. We thrive on challenges, demand motion, promote creativity, courage and own initiative as well as partnerships as a joint contractor. That is why we select our new colleagues systematically and with great care as well as according to their professional and personal potential; we also actively maintain a relations network.

Based on a systematic career path, we develop potential in our young consultants. After many successful projects and numerous education seminars at plenum institute, the path from Junior Consultant to Consultant, to Senior Consultant, to Management Consultant leads to Senior Management Consultant and then to the option of being chosen as a plenum Partner.
A special training program is available for our Junior Consultants to allow them to gain professional and methodical know-how in the shortest possible time for purposes of achieving a successful consultancy career.

In 2007, plenum Consultants successfully consulted in more than 200 client projects with solutions to complex issues and confronted major business challenges.
The consultants surpass the client‘s high expectations with their quality of work performed and create a basis for long-term and trustful business relations.

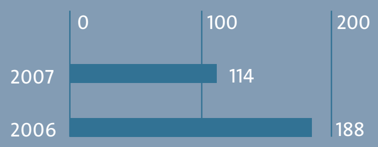
The systematic further development of professional and methodical and personal competence is essential for this success. In 2007 we invested about 7 % of consultant capacity to establishing such competencies (R&D). A special education program was set-up for our Junior Consultants, which enable them to gain professional and methodical basic knowledge in a brief period for attaining a successful consultancy career.

Distribution by gender	Dec. 31, 2007	Dec. 31, 2006
Women	34 %	35 %
Men	66 %	65 %

Job tenure	Dec. 31, 2007	Dec. 31, 2006
15–20 years	9 %	6 %
10–15 years	11 %	8 %
5–10 years	37 %	41 %
less than 5 years	43 %	45 %

Distribution by age	Dec. 31, 2007	Dec. 31, 2006
50 and above	7 %	6 %
40–49	39 %	27 %
30–39	38 %	45 %
under 30	15 %	22 %

Number of employees – development (as at Dec. 31)



The number of employees declined by 20 as a result of the sale of the software development business as of December 31, 2006 and by 60 as a result of the sale of plenum stoll & fischbach GmbH as of September 30, 2007,

The plenum Stock

plenum's stock price development moved along a less favorable course in 2007. The Xetra opening rate was at EUR 1.56 at the beginning of the year; lost about 38 % at the end of the year and closed the year at EUR 0.97 as of December 28, 2007.

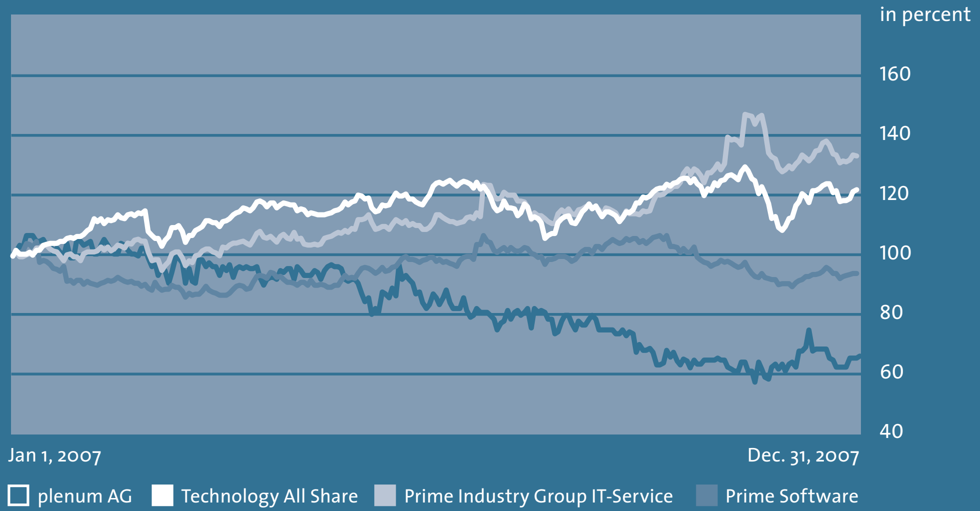
In June 2007 plenum received a pleasant response from investors for its growth strategy as part of a Capital Increase Road Show. In all, a total of 2,180,000 shares from authorized capital was successfully placed at a rate of EUR 1.14 at the end of June 2007as a result of a significant oversubscription of the tranche. The number of outstanding shares of plenum AG accordingly increased to 11,757,068.

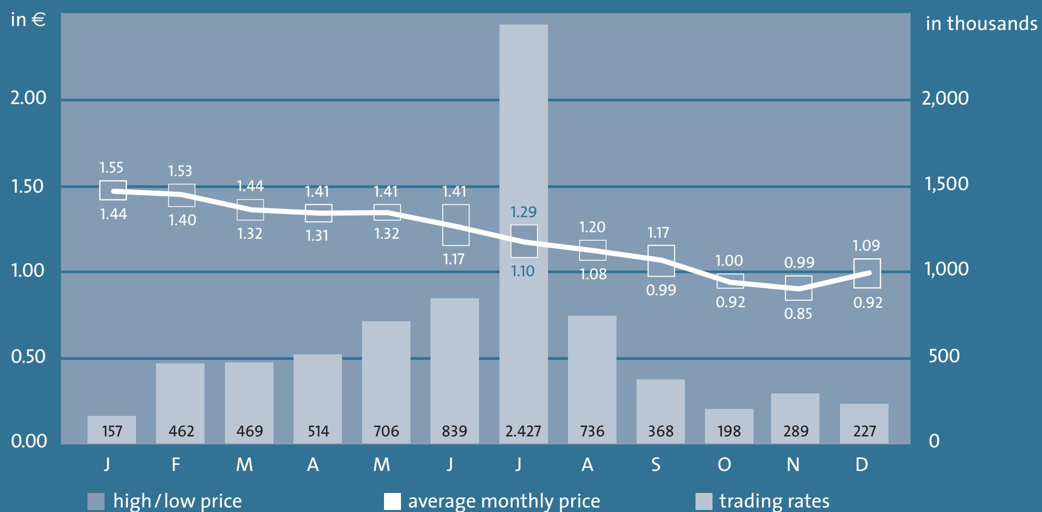
plenum AG is confident that notable success attained from the Company's restructuring concluded in 2007 and concentration placed on expanding national and international Management Consulting business already implemented in 2006, will also pay off on the medium term from the capital market by raising the Company's business value.

In 2008 plenum AG will be represented at various capital market conferences as well as undertaking meetings with investors and analysts.

Investors can request all relevant information about the plenum stock and the financial calendar on the IR website of plenum AG as usual under www.plenum.de / investorrelations.

Stock price development from January 2007 through December 2007 (indexed)





Trading Parameters	
ISIN Code	DE 000 690 1002
Stock notation	PLE
Trading segment	Prime Standard, Frankfurt
Sector	Software, IT-Services
Index	C-DAX, GEX, Prime All Share, Technology All Share
First trading day	August 3, 1998

Stock Data	
Closing price (12/31)	€ 0.97
Market capitalisation (12/31)	€ 11.4 m
Highest-/	€ 1.55
Lowest price 2007	€ 0.85
Designated Sponsor:	
VEM Aktienbank AG	

Company Data (Dec. 31)	
Capital stock	€ 11,757,068
Bearer shares	€ 11,757,068
Stockholder structure (Dec. 31)	
Management	21 %
Free Float	79 %

Report of the Supervisory Board of plenum AG

The Supervisory Board constantly monitored and advised the management of plenum AG during the financial year 2007.

In four meetings, the Supervisory Board discussed the business situation and the strategic positioning of the Group as well as the development of the individual business units with the Management Board. All members of the Supervisory Board took part in all four meetings. Besides the meetings, I regularly discussed current events with the Chairman of the Management Board and with senior members of the Company either by telephone or in person. Furthermore, we passed Supervisory Board resolutions by written consent in lieu of a meeting.

The Management Board informed the Supervisory Board in the respective meetings extensively both verbally and in writing regarding the business development and the state of the company, the subsidiaries and investments. We were informed of business proceedings of major importance regularly and promptly.

In its April 2007 meeting, the Supervisory Board examined in detail the annual financial statements and consolidated financial statements together with the combined Group management report of plenum AG for the financial year ended 2006 and discussed them with the Company‘s independent auditors. The Supervisory Board approved the financial statements in the form presented. The financial statements for the financial year ended 2006 of plenum AG were thereby adopted. Furthermore, the Supervisory Board was informed about the outlook for the business development of the current financial year and the implementation status of the refocusing strategy „Green Road Map“ and discussed it with the Management Board.

In its meeting in May 2007, the Supervisory Board mainly dealt with the business results for the first quarter, the outlook for the second quarter and any adjustments thereto. The Management Board informed the Supervisory Board about the status and success of the „Green Road Map“. In addition, the preparations for the annual general meeting were discussed.

In its meeting in August 2007, the results of the second quarter were discussed as well as the outlook for the entire year and the status of the “Green Road Map”.

The main focus of the meeting held in November 2007 included the third quarter 2007 and the expected business development at year-end. The Supervisory Board consulted the Management Board on the effects from the sale of plenum stoll&fischbach GmbH and the current implementation status of the “Green Road Map”. Furthermore, the status of the budget

Michael Bauer
Chairman of the
Supervisory Board
plenum AG

for the financial year 2008 was discussed. Moreover, we also dealt with the topics concerning Corporate Governance.

The 2007 annual financial statements of plenum AG prepared in accordance with the German Commercial Code and the 2007 consolidated financial statements prepared in conformity with International Financial Reporting Standards (IFRS) and the statutory German commercial law pursuant to § 315a HGB, together with the combined Management Report of plenum AG and the plenum Group for the financial year ended 2007 including the bookkeeping were audited by the independent accounting firm, Deloitte & Touche and issued with an unqualified audit opinion. The financial statements and audit reports were submitted to the Supervisory Board in a timely manner. They were reviewed by the Supervisory Board and discussed in detail in the presence of the auditors. The Supervisory Board did not raise any objections upon its review of the annual financial statements and consolidated financial statements as well as the combined Group Management Report of plenum AG. We, therefore, concur with the auditors' findings. In its meeting on April 14, 2008, the Supervisory Board approved the 2007 consolidated financial statements and 2007 annual financial statements of plenum AG, thereby adopting them.

The Supervisory Board extends its appreciation to all employees as well as the Management Board for their high commitment over the past year, from which the Company as attained strategic realignment and returned to profitable success.

Wiesbaden, April 2008

The Supervisory Board

M. Bauer

Michael Bauer
Chairman

Corporate Governance Report

In 2002, after submission of the recommendations of the German Corporate Governance Code, the Management Board and Supervisory Board of plenum AG resolved to implement and comply with the body of rules of the code taking into consideration the size of the company and the structure of its administrative bodies.

Accordingly, plenum AG underscores that the management and control of the Company that acts responsible and oriented on long-term value creation have very high priority.

Stockholders and Annual Shareholders' Meeting

The stockholders of plenum AG provide capital to the Company and consequently also bear business risks. Therefore, the Management Board feels especially obligated to the stockholders and consequently ensures promptness and transparency in communications for systematic risk management, compliance with stock market rules, and observing the stockholders' rights, which are guaranteed in their entirety.

Taking into account the necessary equal treatment of all stockholders, corporate information and particularly ad hoc disclosures, press releases and reports are made available on the Internet in the German and English language. Here, plenum also publishes disclosures by stockholders about changes to voting rights as well as disclosures from members of the executive bodies on transactions with plenum stock. Stockholders are also informed about key dates via a financial calendar, which is published in the Company's Annual Report and on its website.

Management Board and Supervisory Board

The Management Board of plenum AG comprised of four members until April 2007. The Chairman is the Company founder, Hartmut Skubch. The CFO, Andreas Janssen resigned on May 1, 2007. After his resignation, the financial function was assumed by the Management Board Chairman, Hartmut Skubch. An expansion of the current three-member Board is not planned at the present time.

The Supervisory Board of plenum AG still consists of three members. The Chairman is the Company's co-founder, Michael Bauer.

Consulting and other service and work contracts concluded by Supervisory Board members with the Company require the approval of the Supervisory Board. The Company has entered into a service contract with the Chairman of the Supervisory Board, Michael Bauer, relating to his role as a speaker at IT seminars held by plenum Management Consulting GmbH. A member of plenum AG's Supervisory Board, Dr. Händel, continues to provide support to the Company within a consulting contract in the area of M&A and finance. In 2007 services rendered from these agreements were not billed. Since February 1, 2007, Norbert Rohrig has been active as an external Senior Management Partner in acquisition and consulting projects for the clients of plenum Management Consulting GmbH.

Details of the contracts and information on additional mandates of the Management Board and Supervisory Board members are included at the end of the Notes to the consolidated financial statements.

The executive bodies of plenum AG owned the following plenum AG shares or options on Dec. 31, 2007:

Name	Number of Shares	Number of options
Hartmut Skubch	1,891,253	118,000
Klaus Gröne	20,453	80,000
Michael Rohde	6,700	90,000
Michael Bauer	370,360	0
Dr. Wolfgang Händel	17,750	0
Norbert Rohrig	34,200	0

Remuneration to Supervisory Board members in 2007 (€):

Name	Fixed remuneration	Attendance allowance
Michael Bauer	10,000	4,000
Dr. Wolfgang Händel	5,000	4,000
Norbert Rohrig	5,000	4,000

Cooperation between the Management Board and Supervisory Board

Our Management Board and Supervisory Board work closely and trustingly together in the interest of plenum AG. plenum AG has defined the interaction between the Management Board and Supervisory Board and their duties in the respective bylaws of the executive bodies.

plenum AG maintains business relations with the Supervisory Board members of plenum AG. As part of these business relations, services were rendered during the year under review by Informatik Consulting Bauer GmbH (seminar conception and presentation) and by Norbert Rohrig (as an external Senior Management Consultant).

Name	Expenses for services (€ thousands)
Informatik Consulting Bauer GmbH (Michael Bauer)	92
Norbert Rohrig	230

Remuneration Structure of the Management Board and Supervisory Board

The Management Board members receive fixed and variable components. In addition to granting a bonus to the Management Board members, the Supervisory Board can award other variable components in the form of stock options. The criteria for compensation relate in particular to the Company's success performance in the past fiscal year, its economic position and future prospects. By way of a resolution passed by the Supervisory Board a total of 288,000 stock options were issued to Management Board members as part of the 2007 stock option plan.

In accordance with §13 of the Company's statutes, the members of the Supervisory Board receive remuneration in addition to the reimbursement of their expenses, which consists of a fixed component of TEUR 5, an attendance allowance of TEUR 1 and a bonus, if decided by the Annual Shareholders' Meeting, depending on the earnings posted by plenum AG. The fixed component for the Chairman is double the amount.

Remuneration paid to Management and the Supervisory Board is also explained in the Remuneration Report as part of the Management Report.

Directors' Dealings and Holdings

In accordance with § 15a of the German Securities Trade Act, the members of the Management Board and the Supervisory Board as well as other closely related key executives are obligated to disclose dealings with plenum AG stock and any related financial instruments if the transactions amount to more than EUR 5,000 within one calendar year. plenum AG immediately published these transactions as soon as the Company was informed. Moreover, the information is available in Internet under: http://www.plenum.de/investorrelations/meldungen_wphg.htm.

plenum AG Stock Option Plan

Regarding the plenum AG 2002 Stock Option Plan, the Annual Shareholders' Meeting held on June 14, 2002 empowered the plenum AG Management Board to grant single or multiple option rights on plenum AG stock with the approval of the Supervisory Board for a period of five years to employees of the Company as well as to members of senior management and employees of associated companies in accordance with §§ 15 et seq. AktG of the German Stock Corporation Act (Aktiengesetz). For the same period of time, the Supervisory Board is empowered to grant single or multiple option rights on plenum AG bearer stock to members of the plenum AG Management Board.

The exercise price of the option rights arising from the 2002 Stock Option Plan is calculated from the Xetra closing price of plenum AG stock plus a surcharge of 15% as of the date of issuance. Up to 50% of the option rights granted can be exercised at the earliest after the minimum waiting period of 2 years after allocation. The remaining 50% of the option rights granted can be exercised at the earliest after expiration of the waiting period of 3 years after allocation. Further prerequisites for exercising the option rights from the 2002 Stock Option Plan also include performance targets, which are based on the value of the stock and the success of plenum AG.
Where the option rights are not exercised within the 5-year period, the option rights are cancelled without indemnification in June 2010.

Empowerment to issue stock options arising from the Annual Shareholders' Meeting held on June 14, 2002 was

Reportable security dealings conducted by the executive bodies during 2007:

Trading date, Stock Exchange	Name, Function	Financial Instrument, ISIN	Type of transaction	Price per item, (€)	Number	Volume (€)
June 29, 2007, off-the-board	Rohde, Michael Management Board Member	plenum stock, DE000A0N4PF8	Subscription as part of the capital increase	€ 1.14	6,700	€ 7,638
June 29, 2007, off-the-board	Dr. Händel, Wolfgang Supervisory Board member	plenum stock, DE000A0N4PF8	Subscription as part of the capital increase	€ 1.14	16,750	€ 19,095
June 29, 2007, off-the-board	Rohrig, Norbert Supervisory Board member	plenum stock, DE000A0N4PF8	Subscription as part of the capital increase	€ 1.14	33,500	€ 38,190

limited to five years and ended in July 2007. Therefore, the Annual Shareholders' Meeting on July 5, 2007 reempowered the Management Board of plenum AG to grant single or multiple option rights on plenum AG stock with the approval of the Supervisory Board for a period of five years to employees of the Company as well as to members of senior management and employees of associated companies in accordance with §§15 et seq. AktG of the German Stock Corporation Act (2007 Stock Option Plan). For the same period of time, the Supervisory Board is empowered to grant single or multiple option rights on plenum AG bearer stock to members of the plenum AG Management Board.

The exercise price for the 2007 option rights is calculated according to an arithmetic formula based on the Xetra closing prices on the Frankfurt Stock Exchange 20 days before the date of issuance. The granted option rights can be exercised at the earliest after the minimum waiting period of 2 years after allocation. In addition, the exercise of the options is linked to performance targets with respect to the stock price and the Company's success. Upon expiration of the five years without exercise, the option rights are cancelled.
A total of 275,000 options were granted during the reporting year as part of the 2007 Stock Option Plan. Furthermore, 288,000 options were granted to members of the Management Board as resolved by the Supervisory Board.

Options issued and cancelled in 2007 are listed below. Further disclosures can be found in the Notes to the consolidated financial statements.

	Number of options
January 1, 2006	**551,900**
Granted	0
Excercised	0
Cancelled due to expiration during the year 2006	–316,900
December 31, 2006	**235,000**
January, 12007	**235,000**
Granted in 2007	563,000
Excercised	0
Cancelled due to expiration during the year 2007	–19,000
December 31, 2007	**779,000**

Declaration of Conformity

The Management Board and Supervisory Board have again addressed issues of the Corporate Governance Code, in particular the new stipulations dated June 12, 2006. The amended Declaration of Conformity pursuant to § 161 Stock Corporation Act (Aktiengesetz) was submitted on November 26, 2007. The Declaration can be found together with all earlier declarations on the plenum AG website under: www.plenum.de/investorrelations/corporate_governance.htm.

Departures from the Code are due to the size of the Company or the structure or alternatively the size of the administrative bodies.
All recommendations of the German Corporate Governance Code in the version dated June 12, 2006 were fulfilled except for the following:

- The D&O insurance coverage for the Management Board and Supervisory Board members of plenum AG does not contain deductibles. plenum is generally of the opinion that such a provision has no influence on the motivation and the high degree of responsibility with which the members of its executive bodies perform their duties.
- It is fundamentally possible to form committees in the Supervisory Board according to the rules of the bylaws of the Supervisory Board. However, the Supervisory Board waives the formation of committees due to its size (three members).
- plenum AG is oriented towards publishing the consolidated financial statements and interim financial reports within a period of 2 or 4 months according to stock exchange law and for cost reasons.
- The essential features of the compensation system and changes thereto are explained to the Chairman of the Supervisory Board at the Annual Shareholders‘ Meeting. The recommendation to disclose the compensation in Internet is not complied with.
- Corresponding to the recommendation, compensation to the Management Board members are disclosed by fixed components, profit-incentive components and components with long-term incentives. Disclosure of individual amounts has been waived according to the Annual Shareholders‘ Meeting‘s resolution dated July 3, 2006.

Disclosures pursuant to § 315 (4) of the German Commercial Code (HGB)

Composition of capital stock and restriction of rights

Capital stock amounts to EUR 11,757,068 and is divided into 11,577,068 non-par value bearer shares. The shares are all common and bearer shares. The Company has not imposed any restrictions on the voting rights or the transferability of individual shares. The Chairman and founder, Hartmut Skubch, owns 10 %.

Authority of the Management Board to issue and repurchase shares

In accordance with § 5 (3) of the Company's statutes, the Management Board with approval from the Supervisory Board is authorized to increase the capital stock of the Company up to July 4, 2012 up to EUR 4,788,534.00 by single or multiple issuances of up to 4,788,534 bearer shares for cash and/or contribution-in-kind (authorized capital I).
In accordance with § 5 (4) of the Company's statutes, the capital stock is conditionally increased (conditional capital) by up to EUR 235,000.00 through the issuance of up to 235,000 new bearer shares (conditional capital). This conditional capital increase is exclusively for issuing stock options according to the resolution of the Annual Shareholders' Meeting dated June 14, 2002 and the Stock Option Plan 2002 arising therefrom. The conditional capital increase is therefore only performed to the extent the respective owner can make use of his option rights.
In accordance with § 5 (4a) of the Company's statutes the capital stock is still conditionally increased (conditional capital II) by up to EUR 3,831,534.00 through the issuance of up to 3,831,534 new bearer shares. This conditional capital increase was resolved to be used exclusively for exercising convertible options or warrants that can be issued up to July 2, 2011.
The Company's capital stock was conditionally increased by EUR 722,000.00 by issuance of up to 722,000 bearer shares (conditional capital III). The conditional capital increase was resolved to be used exclusively for fulfilling the options that will be granted until July 4, 2012 as authorized by the Annual Shareholders' Meeting of July 5, 2007. The conditional capital increase shall only be performed to the extent the owner can make use of his rights with respect to the Company's shares and the Company does not grant own shares in fulfilling the options.
In accordance with the resolution from the Annual Shareholders' Meeting of July 3, 2006, the Company is authorized to purchase its own shares up to December 31, 2007 up to a 10 % share of the capital stock. The acquisition of shares can take place directly through the stock exchange, by way of a public purchase bid or as part of an off-the-board package acquisition. The authorization to acquire shares was not extended beyond the closing date of December 31, 2007.

Regulations for appointing and dismissing Management Board members and amendments to the Company's Statutes

The Management Board is appointed and dismissed in accordance with the provisions set forth under §§ 84 and 85 German Stock Corporation Act (AktG). In accordance with § 12 (2) of the Company's Statutes, the Supervisory Board is authorized to amend the Company's statutes which relate only to that version. For the rest, § 179 of the German Stock Corporation Act applies to amendments made to the Company's Statutes.

Other matters
Important agreements that are conditional on a change in the control of the Company are not known to the Management Board. There are no compensation agreements between the Company and members of the Management Board in the event of a change in control.

Combined Management Report

I. Market and Industry Development

Economic development in Germany surpasses expectations also in 2007

Following a healthy start – despite the higher VAT rate at the beginning of 2007 – the economic development up through the late summer was stronger than initially forecasted: While a plus of 1.8 % to 2 % was expected at the beginning of the year, the Institute revised its prognosis from 2.4 % to 2.6 % during the course of the year. According to the Federal Statistics Office, the growth rate for the gross domestic product (GDP) totaled 2.5 % for 2007 (adjusted for the calendar year: + 2.6 %). After growth of 2.7 % in 2006 the economic development remained at a solid level on the average during the last 12 months.
From the Institute's view, economic and inflation risks increased starting in the autumn 2007; an estimation which was confirmed by the noticeable reduction in the economic dynamic in the last quarter (Q3: +0.7 %; Q4: + 0.3 %).

The global economy in 2007 continued its expansion at a slightly, slower tempo according to the Hamburg Global Economic Institute (HWWI); at 3.7 % the rise was slightly lower than the prior year's value. Due to the muted development in the US (2.2 %), the rise of 2.6 % in Europe was able to further reduce the growth differences between the industrial countries. Overall, however the economy in the euro zone weakened somewhat in 2007 versus the prior year (+2.9 %), but is above the potential rate for the euro zone, which was 2 %.

Consultancy market grows more strongly after recovery in 2006
Following the rise of 11.4 % to EUR 14.7 billion in 2006, revenues from the consultancy sector once again significantly grew by 11.8 % to EUR 16.4 billion in 2007 according to the Federal Association of German Management Consultants (BDU).

In 2007 the share in the client industry remained virtually unchanged: the highest share of 44 % relates to organization and process consulting. The consulting segment – Strategy Consulting – reached 24 %; while the IT Consulting segment attained 21.1 % and Human Resources consulting was 10.6 %.

Solid growth in the ITC market
According to BITKOM, the market for information technology, telecommunications and digital consumer electronics in Germany developed better than expected. The originally anticipated growth of 1.3 % for the entire market was significantly surpassed with a realized rise of 2 % to EUR 143.0 billion.

In particular, the "Software and IT Services" segment experienced a "permanent soaring high" in 2007. With a market share of 10.1 % the Software market climbed by 5.2 % to EUR 14.0 billion in 2007, while the market for IT services (market share of 22.6 %) posted the strongest growth on the ITC market with a disproportionate plus of 7.9 % to EUR 30.8 billion.

Revenue growth with weak profits in the German advertising market 2007

According to the Central Association of the German Advertising Industry (ZAW) the revenues from German advertising grew by 7.3 % in 2007. Following a rather weak increase of about 2 % in the previous year, the association's members demonstrated satisfaction with the growth in revenues, but the majority of whom indicated dissatisfaction with the profit development of its companies due to rising cost pressure.

Market for Online advertising again experiences strong expansion in 2007

According to the revenues prognosis of the Group of Online distributors (OVK) belonging to the Federal Association of Digital Economy again remained behind the actual volume of gross advertising investments in the Internet. Almost EUR 2.9 billion was invested for Online advertising by the advertising economy in the past year compared to EUR 1.9 billion in the previous year. This once again indicates that Online advertising continues to be the trend and disproportionately grew to a major extent compared with traditional advertising media which only reported average growth of 3.7 % in 2007. The extent to which the advertising investments were outsourced in favor of Online medium is illustrated in the comparison of the share of various advertisers in total gross advertising revenues: the Internet (about 12 %) has become the fourth largest advertising medium.

II. Business development 2007

Internal monitoring system

In order to attain information about the course of business, profitability situation and future development of the Group, we have developed a complex key data cockpit, which shows an overview over the next 6 months on a rollover basis.
The data from the main areas: sales, projects, finance and administration is generated from a sales information system and from SAP R/3.
The most import key figures from this, in budget and actual terms, are: sales revenues, EBIT, new orders, project contribution margins, consultant capacity utilization, material costs and the development of cash and cash equivalents.

New orders, sales revenues and order backlog

€ thousands	2007	2006	2007[1]	2006[1,2]
New orders	22,587	25,918	20,086	16,147
Sales revenues	22,402	26,539	17,332	17,575
Order backlog	5,025	4,839	5,025	2,270

[1] pro forma presentation for the financial year excluding plenum stoll & fischbach GmbH (sold on Sept. 30, 2007)
[2] including EUR 4.4 million for revenue for the implementation business sold as of December 31, 2006

New orders saw a 12.9 % drop from TEUR 25,918 in 2006 to TEUR 22,587 in 2007; sales revenues contracted by 15.6 % from TEUR 26,539 to TEUR 22,402. The order backlog increased by 3.8 % from TEUR 186 to TEUR 5,025. The meaningfulness of the comparison with the previous year is dampened by two effects: on one hand plenum Management Consulting GmbH transferred its operative site Leinfelden, which operated the implementation and software development business to NovaTec – Ingenieure für neue Informationstechnologien GmbH, Waldenbuch, effective at the end of 2006. And on the other hand plenum AG sold the agency, plenum stoll & fischbach GmbH, at the end of the third quarter 2007, as part of a Management Buy Out agreement. The revenues share from Implementation amounted to TEUR 4,362 in 2006; the agency contributed about TEUR 5,070 (first nine-month period of 2007) to total revenues and TEUR 2,501 to new orders. Taking into consideration the order backlog of the agency of TEUR 2,569 at year-end 2006, the continued operations saw a 121 % boost or TEUR 2,755 starting from a balance of TEUR 2,270.

Of the sales revenues total of TEUR 22,402 for the year under review, an amount of TEUR 3,615 (2006: TEUR 3,672) or 16.1 % (2006: 13.8 %) relates to foreign sales. Following the significant rise in the foreign business in 2006 (+ 272 %) the comparison between 2007 and the previous year remained virtually constant.

€ thousands	2007	2006
Foreign sales revenues	3,615	3,672
Allocation by region		
United Arab Emirates	46.8%	46.8%
Switzerland	36.4%	36.7%
Austria	6.2%	2.5%
USA	3.9%	0%
France	2.8%	6.9%
Others	3.9%	7.1%

Sales revenues by industry

	incl. stoll & fischbach GmbH		excl. stoll & fischbach GmbH	
Industry	2007	2006	2007	2006
Insurance	25.9 %	26.1 %	32.8 %	38.5 %
Banks	18.9 %	16.5 %	24.1 %	24.5 %
Logistics	7.0 %	3.8 %	9.0 %	5.7 %
Public Contractors	6.1 %	6.7 %	6.6 %	1.4 %
Fashion & beauty	12.9 %	11.0 %	5.8 %	5.0 %
Telecommunications	4.3 %	2.8 %	5.6 %	4.3 %
Pharmaceuticals & chemicals	2.1 %	2.4 %	2.4 %	2.8 %
Energy utilities	1.6 %	2.1 %	2.1 %	3.0 %
Mechanical engineering	4.5 %	5.0 %	1.1%	1.5 %
Food & beverages	5.5 %	10.0 %	0.0 %	0.0 %
Others	11.2 %	13.6 %	10.5 %	13.3 %

The industry allocation of the revenues share of all plenum business segments continues to be dominated by insurance companies, whose revenues share remained virtually unchanged at 25.9 % in 2007 versus 26.1 % in 2006. As in the previous year, the banks sector still ranked second-place; the revenues contributed from this sector expanded from 16.5 % in 2006 to 18.9 % in the year under review. The fashion and beauty industry assumed the third-place position with a 12.9 % share in 2007 revenues. The pro forma presentation of the "industry allocation of the revenues share excluding the agency, stoll & fischbach" is also dominated by the insurance companies, whose revenue share dropped from 38.5 % to 32.8 % year-on-year. Compared with the previous year the second-strongest industry – the banks sector – represented 24.1 % of total revenues. Excluding the communications revenues, the logistics sector (9.0 %) ranked third-place as in the prior year and the public administrators (6.6 %) showed strong, relative growth.

Consulting and important projects in 2007

Starting from strategy development right up to its implementation, plenum consultants guide its clients and therefore denote themselves as Strategy Implementers. Being a Consulting Partner for the Industrialization of the Service Sector, plenum focused on the core competencies in 2007 that are decisive for a successful industrialization of the service sector.

Within these core competencies: Marketing & Customer Interaction Management, Business Process Optimization & Outsourcing, IT Efficieny & IT Outsourcing and HR & Skill Management, plenum signed and won important projects during the financial year.

Marketing & Customer Interaction Management

The following issues are faced by our clients in Marketing & Customer Interaction Management:

- How should our own brands be optimally positioned on the market and how can lasting customer loyalty be attained despite industrial rendering of services?
- Which values do the business relations contribute to the clients and how should these be designed in order to specifically raise the business' success?

plenum supports its clients in the development of market strategies and the management of their brands. These services range from the development of family brands and product brands to brand appraisal right up to operative, organizational guidance by means of marketing plans, marketing organization handbooks and function descriptions.

plenum consultants have been able to successfully implement their expertise in brand and customer management for Road and Transport Authority Dubai (RTA), our first client in the new market in Dubai. RTA is a government agency responsible for the development and operations of the entire local public transportation system (bus, metro, water and taxi) and for the planning and implementation of Dubai's street traffic system. The entire brand architecture and marketing strategies were developed within nine months for the relatively young company. Accordingly, all marketing instruments for product, price, selling and communications were identified and planned. As part of a successful project, the identified marketing measures for 2007 were planned and implemented.

plenum successfully concluded a project for the first national health insurance system of the United Arab Emirates (Daman) to develop an Internet strategy whose aim was to determine insurance products and processes systematically via Internet within its entirety and taking into consideration the customer's needs.

For the success of a business, the worth of a business relation gains in importance. With the recognition of a value-oriented customer management, plenum allows its clients to identify value contributions from segmentation procedures, scoring and value models, eCRM processes and structures as well as data quality audits. The subsequent Customer Interaction Management assures a targeted use of the selling and guidance communications.

A major German insurance company currently implements various methods and tools for systematic customer analysis. However, an "all-around coverage" with standardized analysis and selection tools does not exist. As part of a pilot project, a "Value Watcher™ Demonstrator" was established together with an insurance client, for purposes of transferring customer-specific data with the assistance of an existing model and to identify initial results with respect to a possibly more efficient and more effective customer data analysis and sales monitoring. The Value Watcher™ is a solution for the segmentation of customers based on the present and future worth of a business relation. This takes into account both monetary and non-monetary components of a customer's worth. The sole feature of the Value Watcher™ is that the solution considers both business/marketing strategies and also supports operative CRM/ marketing actions. Because of positive interim results with respect to intuitive applications, high user-friendliness, diverse application possibilities for Cross Selling, Up and ReSelling measures, the sales testing of the development "Demonstrators" has been launched as the next phase.

At a German regional bank, plenum successfully concluded the introduction of a CRM system with the rollout of the applications in 2007.

Business Process Optimization & Outsourcing

The following issues are faced by our clients in Business Process Optimization & Outsourcing:
- What are the present and future business strategic challenges in an industrialized environment and how should the business processes be aligned with respect to competitive differentiation?
- Where is there potential for improving effectiveness and efficiency and profit-increasing possibilities in the business processes and how can such potential be raised?

In the course of the industrialization of services, capable and specialized service providers for business processes have established themselves on the market. plenum supports its clients in improving business process and in the outsourcing of processes that are not competitively differentiated as part of the Business Process Outsourcing. Support comprises making decisions via Base & Business Cases and outsourcing guidance for service descriptions, SLA's, price models, process / organizational design, migration and Change Management.

plenum was commissioned by a German business bank to support securities processing as part of the outsourcing to a Business Process and IT service provider. plenum has assisted the client professionally, methodically and operatively as well as in the migration and assurance of the subsequent productive, daily operations.

With the aim of increasing customer satisfaction, higher flexibility and differentiation against competitors, plenum successfully concluded a project for the realignment of the entire customer reporting (transaction reporting, asset reporting) for private and institutional customers with a Swiss asset manager.

Due to high competitive and cost pressures the service sector has tended towards becoming larger units over the past years in the form of mergers and business combinations. As part of the Post Merger Integration, the partners face the challenge of increasing expected cost benefits and attaining a smooth cooperation of the formerly separated organizations. Along with competencies in providing synergies, valuation models, professional and application architectures, synergy portfolio, business cases, implementation plans and change management, plenum has assisted in reaching the arranged goals.

As part of a fusion, plenum was engaged by an IT and Business Process service provider in the securities segment with the investigation and optimization of cross-sectional, internal services of the entire company. As part of a pre-project, potential cross-sectional functions were initially determined. Then, as part of a subsequent project, formalized, vertical efficiency and cost potential was identified, quantified and measures for boosting this were recommended. On a parallel basis, areas of application were determined as part of an analysis of the acquisition/sales divisions, which led to an improved placement and performance of standardized services of the merged service provider on the market.

Changing framework conditions in markets, customer's expectations and competitive situation require companies to adjust their traditional services, structures and business processes to the changed conditions in order to remain successful in the future. A Business Process Realignment by way of value-driver analyses, portfolio analyses, professional architectures, process and organizational design and business cases presents a successful realignment of the company or company units. Based on its many years of experience and market overview, plenum supports this realignment with efficiency and effectiveness audits, which lead to valid implementation roadmaps via key data and benchmarking.

In the context of a development marked by efficiency boosts and additional tapping into markets, plenum was hired by an IT service provider of cooperative financial association with the investigation of the product management. The objective is the realignment of the area to future challenges in the market and adjustment of interfaces to internal service partners for a more efficient teamwork.

IT-Strategy & IT-Efficiency

In the context of IT Strategy & IT Efficiency our clients face the following issues:

- How should my IT be strategically aligned and monitored so that it can assure an optimum support of the core business?
- What are the areas of application and levers for optimizing my IT towards rendering industrial services with higher efficiency and effectiveness?
- What should an adequate IT architecture look like so that it enables a quick, flexible adjustment to changes and trends?

We address the IT strategic issues of our clients for correct positioning and achieving positive effects on the core business. This comprises consulting for transparency and increasing the value contribution of IT, sourcing strategies and sustained monitoring via IT governance structures and instruments.

In the past, a strategy was developed with a Swiss energy utility together with members of management and other key executives from IT and telecommunications for bundling information and telecommunications technologies (ICT). plenum was engaged to assist in the implementation of these ICT strategies. Jointly, an ICT engineering plan was developed during the initial weeks of the project, which extends until 2014. A new ICT organization implemented in September 2007 guarantees the implementation of this project with the assistance of plenum consultants.

For purposes of raising efficiency potential in IT, plenum was appointed by an IT service provider of an international insurance group to improve the monitoring instruments. Elements of the plenum services included the new organization of co-operation in the management body and the sudden implementation of the necessary IT management instruments. Both organizational and textual solution concepts of the cooperation were established and an IT management cockpit was developed and implemented as a management instrument for the client's overall monitoring.

At a German specialized bank, plenum won and successfully completed a project for the setup of IT monitoring. Based on the definitions for adequate key data and instruments, establishing capable service portfolio management and adjustments to processes in meeting the goal of making the value contribution of IT transparent in the strongly growing core business of the bank and to improve the IT was achieved.

plenum was commissioned by an IT-Holding of an international insurance group to assist in its Global Sourcing Initiative. The objective of the Sourcing Initiative is to assure the raising of quality and flexibility and the improvement in the cost structure. The project comprises the development of the Global Sourcing Strategy, the identification of Global Sourcing potential, the review of Global Sourcing readiness, the selection of Global Sourcing partners and the planning of Global Sourcing implementation.

From a global player and logistics supplier who has strongly expanded from mergers, plenum was appointed to assist in the selection of a provider for the operation of a new IT core system. This included the challenge of identifying service capable provider solutions, which would ensure global operations, take into account a strong link to the core business and is able to assume further up-to-date systems. As a result of plenum's objective professional expertise, the outsourcing process supported and pushed ahead the tender processes. Furthermore, optimum designing of responsibilities between the client and the external provider and establishing effective and efficient Provider Management were defined, which ensures that the objectives and effects are achieved on a sustained basis.

By applying recognized models for site determination and performance analysis, we help our clients in optimizing their IT organizational structures and processes in order to achieve a reduction in IT costs based on constant or improved performance.

plenum was hired by a cooperative financial association with the validation of a target organization of an area with the objective of creating a more flexible and measurable applications development. This included the identification, supplementation and consolidation of areas of application, benchmarking of the actual-organization, development of alternative end-scenarios, establishing the target organization and creation of measures to implement the new organization.

For purposes of a flexible reaction of IT to new business requirements, we develop together with our clients an adequate architecture and technology management and support in the implementation of architecture governance concepts, particularly Service-Oriented Architecture Governance (SOA-Governance) concepts.

A German regional bank has available a heterogeneous environment of commercial systems that can be implemented for comprehensive, new professional prerequisites. plenum was engaged to develop a target architecture for a consolidated commercial system environment and to create a master plan for its expansion on the basis of requirements for the professional areas: commercial and risk management.

plenum was commissioned by a major, nationwide energy supplier with the strategic project for a service-oriented architecture (SOA). The aim of the project is the definition of SOA governance by means of designing the necessary roles and regulations, the development of a roadmap for coordinated action planning and future carrying forward of the SOA strategy, the creation of a methodology for a custom design of services as well as a description of an appropriate reference architecture for an SOA in the IT environment of the client.

plenum was able to win further projects with a large, German leasing company for the preparation of core business applications with Offshore-IT service providers. As part of financial migration plenum renders consulting services for integration and interface management, infrastructure and environment management and requirements and test management. In addition, plenum supports the client predominantly in the set-up of a new data warehouse and in the integration analysis of the systems of various Offshore service providers.

The preparation and implementation of integration concepts, the management of major migration projects and the development and optimization of portal architecture in Internet technology and the conception of *net application continue to belong to the core topics of our consulting projects.

With the aim of allocating risks in the development and operation of IT solutions, a large savings bank outsourced its IT to an IT service provider in the savings bank organization. plenum was appointed to provide support within the migration. plenum‘s supportive services comprised of quality assurance in the form of a review partner for the outsourced management. plenum‘s added-value for the migrating client exists in the safeguarding of the investment, the observance of the project‘s course, increasing the project performance quality and the minimizing of risks.

In consulting, plenum is right at the heart of technologies and recordation of trends. Our clients profit from our technological strategies, technological concepts and studies and our consistent technology scouting.

HR & Skill Management

With respect to Competence and Skill management our customers face the following issues:

- What are the future competencies and skills necessary in IT and non-IT and how do I assure its availability by way of monitoring and development measures?
- Which functions must be assumed by my HR division in a job-sharing world for optimum support of rendering services in a strategic manner?

We develop customer-specific, strategic and operative skill management, staff development and continued education concepts both in IT and non-IT and manage these areas together with our clients. In the course of industrialization efforts, companies are increasingly reviewing the commissioning of HR functions to capable, specialized service providers. As part of Human Resources Sourcing, we review and guide the issuance of HR functions to specialized, external service providers. Based on a Human Resources Cockpit, we enable our clients to monitor all personnel development actions via key data and to undergo performance controls.

plenum was commissioned by an insurance group with the setup of strategic skill management in applications development and system operations with the objective of establishing future-oriented competencies in meeting new requirements. The project includes the initial definition of strategic goals, an analysis of the actual situation and the derivation of specific handling needs. Within the target-concept the findings were put into operation on the basis of results from skill evaluation, planning, conceptualization and performance of initial skill development measures, a description of processes and roles, by way of selection and introduction of tools and increasing actual-skills per employees. In a pilot phase the requirements profile, roles and processes were finely-tuned and the concluding roll-out to the areas was prepared.

plenum was appointed by an IT service provider of a German insurance company with a brief study of Strategic Skill Planning. The analysis comprises the evaluation of skill management in the existing pool organization. The findings from the study provided possible levers for optimization and skill management strategy as well as an instrument within the pool organization with recommendations for action.

An international group commissioned plenum with the rollout of the plenum solution – PISA – the Shared Service Center in charge of all of Europe. The Learning Management System PISA is a solution that supports the entire education area of seminar and events management from cost accounting right up to Internet presence and Online catalogs. PISA simplifies and automates routine work in the planning, organization and administration of education measures. The project procedures are based on the concept of largely standardized processes and solutions for our clients both in the Shared Service Center and in relation to existing solutions at group locations.

Gross profit

€ thousands	2007	2006	2007[1]	2006[1]
Sales revenues	22,402	26,539	17,331	17,575
Cost of revenues	15,593	22,012	11,511	14,120
Gross profit	6.809	4.527	5.553	3,455
in % of revenues	30.4 %	17.1 %	32.5 %	19.7 %

[1] pro forma presentation for the financial year excluding plenum stoll & fischbach GmbH (sold on Sept. 30, 2007)

In absolute terms, gross profit soared by TEUR 2,282 (2006: increase of TEUR 2,045) to TEUR 6,809 and from 17.1% to 30.4% in relation to sales revenues. Thus substantial rise primarily resulted from focusing on the profit-strong consulting business and – thanks to the beneficial economic mood – to a favorable utilization of our consulting capacities in the second half 2007. The gross profit margin improved to 32.5 % in continuing operations (excluding the agency business of plenum stoll & fischbach GmbH).

The exit from the implementation and software development business concluded at the end of 2006 led to a significant reduction in the portion of external services, which dropped from TEUR 7,470 in the previous year to TEUR 5,650. This in turn led to a rise in the added-value of the Group, which climbed from 71.9 % to 74.8 % year-on-year.

Selling expenses, general and administrative expenses

€ thousands	2007	2006
Selling expenses	2,616	2,488
in % of revenues	11.7 %	9.4 %
General and administrative expenses	4,483	3,615
in % of revenues	20.0 %	13.6 %

The selling costs total of TEUR 2,616 rose by about 5.1% during the year under review (prior year: TEUR 2,488), which was caused by the growth in sales-intensive consultancy revenues. The general and administrative expenses of TEUR 868 increased over the previous year. The growth rate in the Consulting segment since the end of 2006 experienced both in the hiring of new employees domestically and abroad is the main reason for this rise. The expected improved utilization of new hires led to a significant reduction in administrative costs already in the second half-year, because the full cost rates based on project days in accordance with our accounting methods relieve the administrative costs by charging costs of revenues. Compared with the first half-year period (TEUR 2,611) the costs for the second half-year period amounted to TEUR 1,872.

Research and development

€ thousands	2007	2006
Research and development expenses	1,028	629
in % of revenues	4.6 %	2.4 %

We predominantly invested in the development of new topics in the area of consulting during the first half 2007. Consequently, research and development costs rose to a total of TEUR 1,028 during the financial year, which represents a rise of two percentage points to 4.6 % over the previous year in relation to revenues (2006: TEUR 629). Overall, research and development expenses for the consulting business were at an appropriate level in our opinion.

Other operating income and expenses

€ thousands	2007	2006
Other operating income and expenses	−1,501	−1,324
in % of revenues	6,7 %	5,0 %

The net balance of other operating income and expenses rose from TEUR 1,324 to TEUR 1,501 or 13.4 % year-on-year. Accordingly, the share in revenues increased from 5.0 % in 2006 to 6.7 % in 2007. While income from the release of provisions dropped from TEUR 1,243 in 2006 or 24.2 % to TEUR 942 in 2007, other operating income totaled TEUR 675 solely from the sale of plenum stoll & fischbach GmbH (Asset-Deal: TEUR 1,000 less TEUR 325 for transaction costs).

The release of provisions relates to the provision for warranties in the amount of TEUR 328 (2006: TEUR 393), personnel provisions of TEUR 480 (2006: TEUR 114), provisions for outstanding invoices of TEUR 80 (2006: TEUR 114) and other provisions totaling TEUR 54 (2006: TEUR 44).

Financial result, income taxes

€ thousands	2007	2006
Financial result	110	133
Income taxes	2	604

The financial result receded by TEUR 23 to TEUR 110 versus the prior year (TEUR 133), which was mainly due to lower interest income for 2007.

The higher tax proceeds amount in the previous year was incurred from the recognition of an accrued corporate income tax reduction credit, which will be refunded to plenum during the years 2008 through 2017. In 2007, a tax effect did not occur.
Deferred tax assets for existing net loss carryforwards were exhausted in the previous financial years.

Group net result, earnings per share

€ thousands (except for earnings per share)	2007	2006
EBITDA	588	−329
EBIT	183	−881
Group net result	295	−144
Earnings per share in €	0.03	−0.02

The Group net result improved from TEUR −144 (2006) by TEUR 439 to TEUR 295. Following the operating result (EBIT) of TEUR −881 in 2006, the operating result for 2007 climbed by TEUR 1,064 and thus generated a positive operating result of TEUR 183. In relation to revenues, the EBIT margin of 0.8 % was posted for 2007 compared to −3.3% in the previous year.
The depreciation rate dropped by 26.6 % to TEUR 405 year-on-year.
EBITDA rose from TEUR −329 by TEUR 917 to TEUR 588 in 2007.

Earnings per share at EUR 0.03 arose from the significantly higher Group net result versus the prior year (2006: EUR −0.02).

Cash inflow

€ thousands	2007	2006
Movement in cash and cash equivalents / securities	869	−2,253

In 2007 the Group posted total cash inflow of TEUR 869 compared to cash outflow of TEUR 2,253 for 2006. The rise in 2007 occurred because the cash outflow for operating activities and for investing activities was overcompensated by the net cash inflow from the capital increase (TEUR 2,256) made on June 28, 2007.

Cash outflow from operating activities mainly relates to an increase of receivables (TEUR 374) and a change in prepaid expenses (TEUR 682) and period losses for the first half year 2007.

The cash outflow for investing activities of TEUR 464 was significantly above the prior year‘s amount of TEUR 147, which mainly arose from the granting of loans (TEUR 481) as part of the Management Buy Out of the agency plenum stoll & fischbach.

III. Segment Development

New orders and order backlog in the two continued segments developed as follows:

€ thousands		New orders	Order backlog[1]	Calculated lifespan of the order backlog in months
Consulting	2007	17,850	4,732	3.3
	2006	*9,701*	*1,848*	*2.0*
Compared to PY in %		*+84%*	*+156%*	
Communications[2]	2007	4,737	293	1.4
	2006	*12,152*	*2,991*	*3.1*
Compared to PY in %		*−61%*	*−90%*	
Total	2007	22,587	5,025	3.1
	2006	*21,853*[3]	*4,839*	*2.1*
Compared to PY in %		*+5.2%*	*+3.8%*	

[1] at end of the period
[2] new orders includes the agency plenum stoll & fischbach GmbH until September
[3] plus TEUR 4,065 new orders from the Implementation segment in 2006

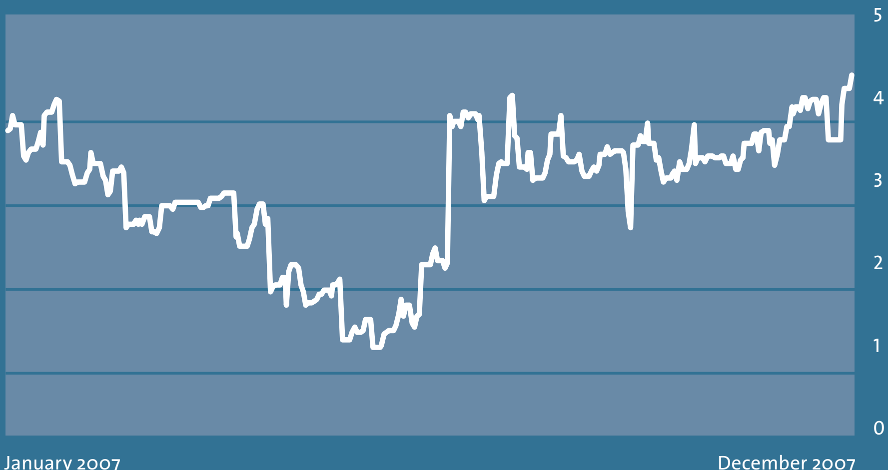
The segment result (EBIT) serves as the most important internal key figure to plenum and as an indicator of sustainable profitability of a segment. The segment EBIT represents adjusted net income before overall Group costs, financial results, consolidation effects and taxes.

Disposal of plenum stoll & fischbach GmbH

The following positions in the segment reporting are still included in the income statement after the separation from plenum stoll & fischbach GmbH (communications segment) as of September 30, 2007:

Segment information (€ thousands)		plenum stoll & fischbach GmbH
Gross sales revenues	Jan. 1 to Sept. 30, 2007	5,338
	Jan. 1 to Sept. 30, 2006	*6,897*
Internal revenues	Jan. 1 to Sept. 30, 2007	267
	Jan. 1 to Sept. 30, 2006	*190*
Net sales revenues	Jan. 1 to Sept. 30, 2007	5,070
	Jan. 1 to Sept. 30, 2006	*6,707*
Segment result (EBIT)	Jan. 1 to Sept. 30, 2007	1,233
	Jan. 1 to Sept. 30, 2006	*151*

The graphic below depicts the development of cash and cash equivalents and securities during the course of the financial year 2007 (€ millions)



Segment reporting is presented in the table below:

€ thousands		Consulting	Communi-cations	Implemen-tation	Total*
Gross sales revenues	CY	15,895	7,746	0	23,641
	PY	*11,821*	*11,657*	*4,362*	*27,840*
Intercompany sales [1]	CY	928	311	0	1,239
	PY	*907*	*394*	*0*	*1,301*
Net sales revenues	CY	14,967	7,435	0	22,402
	PY	*10,914*	*11,263*	*4,362*	*26,539*
Depreciation and amortization	CY	– 127	–183	0	–310
	PY	*–184*	*217*	*0*	*–401*
Other segment expenses	CY	–14,022	–6,020	0	–20,042
	PY	*–9,705*	*–11,134*	*–4,187*	*–25,026*
Segment results (EBIT)	CY	818	1,232	0	2,050
	PY	*1,025*	*– 88*	*175*	*1,112*
Segment investments	CY	92	102	0	194
	PY	*56*	*176*	*0*	*232*
Segment assets	CY	5,044	2,212	0	7,256
	PY	*3,798*	*2,252*	*763*	*6,813*
Segment liabilities	CY	–3,907	–1,923	0	–5,830
	PY	*–1,605*	*–2,161*	*–1,617*	*–5,383*

CY = current year; PY = prior year
[1] Sales between segments
*Reconciliation to Group figures shown under note 32 in the Notes

Consulting

The stronger focus on consulting as part of the growth strategy led once again to a rise in gross sales revenues of 34.5 % to a total of TEUR 15,895 in 2007 versus TEUR 11,821 in 2006. The percentage share in the Group's total gross sales revenues soared from 42.5 % to 67.2 % year-on-year.

New orders at TEUR 17,850 for 2007 almost doubled year-on-year (TEUR 9,701). At approximately 120 % the new orders are also substantially above the 2007 net sales revenues of TEUR 14,967. Thus, the order backlog also rose by 156 % from TEUR 1,848 at year-end 2006 to TEUR 4,726 as of December 31, 2007. The backlog has a mean calculated lifespan of more than three months.

The segment's result contribution (EBIT) of TEUR 818 lies below the previous year's amount of TEUR 1,025. The earnings development on a quarter-by-quarter basis however indicates that we were able to noticeably increase our profitability in the project business during the course of the year. The first quarter was adversely affected by the growth strategy implemented in 2006 and related training of new hires. The second quarter still profited (as in the entire previous year) from the release of warranty provisions. Since the third quarter 2007, the segment EBIT (Q3: TEUR 152; Q4: TEUR 365) was virtually realized in full from the current project business. On the whole, we generated a profit margin of 5.1 % in 2007.

In 2007 our growth strategy mainly focused on the design of consulting in terms of content. An important step in expanding our consulting services in marketing and communications segment was the formation of plenum Customer Care GmbH on February 16, 2007 and renamed to in:sight customer information management GmbH, located in Wiesbaden according to the shareholders' resolution dated September 3, 2007.

Communications

Following the sale of the agency, plenum stoll & fischbach GmbH, effective September 30, 2007, plenum is once again a pure consulting firm. DOM Digital Online Media GmbH offers services and solutions in interactive marketing as part of its consulting business as well as more-and-more consulting services in marketing and communications. Hence, the presentation in the segment reporting as made in 2007 will no longer be continued in 2008.

Based on gross sales revenues of TEUR 7,746 the communications business in 2007 was significantly below the prior year's amount of TEUR 11,657. The share of the communications business in the Group's gross sales revenues dropped from 41.9 % to 32.8 % year-on-year. When viewed in terms prior to the sale of the agency, plenum stoll & fischbach GmbH at the end of the third quarter, the development of gross sales revenues from the communications business showed a drop of 17 % compared to the first nine-month period in 2006. Accordingly, the communications business was significantly below the growth expectations.

The considerably positive EBIT of TEUR 1,233 in 2007 mainly arose from the sale of plenum stoll & fischbach GmbH (Asset-Deal: TEUR 1,000) and the arising special effect, such as the reversal of provisions for vacation not taken and variable compensation.

IV. Net Assets and Financial Position

The cash and cash equivalents balance increased by TEUR 868 or 24.2 % to TEUR 4,449 at the end of 2007. This improvement resulted from the net inflow arising from the capital increase (TEUR 2,256) on June 28, 2007, which compensated the cash outflow for operating activities and for investing activities.

Trade accounts receivable rose by TEUR 374 to TEUR 4,512 year-on-year.

The rise in prepaid expenses from TEUR 270 to TEUR 357 mainly relates to the first-time inclusion of plenum FZ-LLC, Dubai to the scope of consolidation. According to normal business practice in the country, rent must be paid one year in advance.

The significant drop in property, plant and equipment by TEUR 395 to TEUR 402 relates to depreciation, and particularly to the deconsolidation of the agency, plenum stoll & fischbach GmbH as of September 30, 2007. The increase in financial assets mainly relates to loans granted as part of the Management Buy Out of the agency, plenum stoll & fischbach GmbH.

The non-current tax receivable was incurred in 2006 from the recognition of an accrued corporate income tax reduction credit, which will be reimbursed to plenum between 2008 and 2017. Based on interest accrued as of the closing date, the value increased by TEUR 17.

The rise in net liquidity (cash and cash equivalents less current bank liabilities and advance payments received) to TEUR 3,980 (12/31/2006: TEUR 3,384) mostly corresponds to the rise in cash and cash equivalents.

Internally generated intangible assets are not contained in the assets positions of the balance sheet. Lease business space and company vehicles are also not capitalized.

On the liabilities-side of the balance sheet, current provisions receded by TEUR 1,075 due to the release of provisions. The increase in trade accounts payable of TEUR 408 to TEUR 1,222 was almost offset by the rise in advance payments received of TEUR 272 to TEUR 469.
Other current liabilities fell by 37.4 % to TEUR 522.
Total current liabilities are covered by 97.8 % (12/31/2006: 68.1 %) by cash and cash equivalents.

Non-current liabilities declined by TEUR 140 or 16.2 % to TEUR 859 year-on-year, which is mainly due to the drop in deferred taxes and pension provisions.

The equity ratio improved from 44.6 % to 59.2 % year-on-year and is therefore at a very high level. The increase in the equity ratio occurred from the capital increase made in June 2007, which led to an increase in capital stock of TEUR 2,180 to TEUR 11,757.

The long term financial position (the ratio of non-current assets to non-current equity) improved from 0.3 to 0.2. The short term financial position (the ratio of current assets to current equity) significantly improved from 1.8 to 2.5.

The Group's capital expenditures continued to be conservative. Expenditures in software and property, plant and equipment in the amount of TEUR 250 (2006: TEUR 237) rose by only 5.5 %. Replacement investments were primarily conducted. In addition to necessary replacements no further significant capital expenditures are planned for 2008.

V. plenum AG

plenum AG is the parent company of the plenum Group and acts as a management holding. plenum AG's business is largely performed by its affiliated companies: plenum Management Consulting GmbH, plenum stoll & fischbach GmbH and DOM Digital Online Media GmbH. Control and profit transfer agreements exist with all three companies. The Control and profit transfer agreement with plenum stoll & fischbach GmbH was cancelled upon its sale on September 30, 2007.

Furthermore, plenum Customer Care GmbH, formed on February 16, 2007 was renamed to in:sight customer information management GmbH, with its registered office in Wiesbaden according to the shareholders' resolution dated September 3, 2007. This company had capital stock of TEUR 25, in which plenum AG held a 100 % stake in the business shares. By means of a contribution-in-kind from other shareholders in June 2007, the share capital rose to TEUR 50; consequently, plenum AG's share decreased to 51 % as of June 30, 2007. The company's business purpose is the development, production and selling of goods and the rendering of services in the area of information technology.

Effective February 28, 2007, plenum FZ-LLC was established as a subsidiary in Dubai with capital stock of TEUR 107 (AED 500). The company's business purpose is the selling and rendering of services within the entire services spectrum of plenum AG.
The affiliated companies obtain centralized services from plenum AG such as for example, accounting, human resources, travel and vehicle fleet management, public relations and marketing. Moreover, the companies are included in the cash pool management of plenum AG. The costs incurred are recharged to the affiliated companies on the basis of a complex allocation code of plenum AG (Management Fee). Since plenum AG, acts as the managing Holding of the plenum Group, sales revenues with third parties are not incurred, other than income from seminars and events (TEUR 229 in 2007). We anticipate a similar cost structure for plenum AG for 2008 on the basis of continued, low cost of revenues with third parties.

Other than the companies formed in 2007, all cash and cash equivalents of the Group are administered by the central Cash Management of plenum AG.

The business development, situation and risks of the parent company largely match those of the Group. During the reporting year, the balance sheet total rose by 18 % to TEUR 10,233 versus December 31, 2006. This was mainly caused by the loans issued to former managing directors as part of the Management Buy-Out of plenum stoll & fischbach GmbH and to the increase in the cash pool receivables.

plenum AG conducted a capital increase in June 2007 (subscription period from June 13, 2006 until June 26, 2007). As a part of this, 2.18 million new shares were offered at a price of EUR 1.14. The capital increase took place against a cash contribution by utilizing authorized capital with option rights to the stockholders in the ratio of 4.39 : 1.
The capital increase was significantly over-subscribed, because many stockholders subscribed to additional shares beyond their option rights.
The subscription amount extending beyond the option rights was proportionately allocated. plenum AG subscribed stock accordingly increased to EUR 11,757,068. The gross cash inflow amounted to approximatley EUR 2.5 million for the Company.

In the year under review, plenum AG received net profit from plenum Management Consulting GmbH in the amount of TEUR 361 and net profit from DOM Digital Online Media GmbH of TEUR 78. With the deconsolidation of plenum stoll & fischbach GmbH as of September 30, 2007 an amount of TEUR 1,239 was distributed to plenum AG. The profits contributed by the subsidiaries totaled a positive amount of TEUR 1,678 compared to the prior year's amount of TEUR 1,025. The investment carrying value of the remaining subsidiaries remained unchanged year-on-year.

plenum AG posted a net loss of TEUR 353 in its annual financial statements for 2007 (2006: loss of TEUR 208). The loss situation could not be prevented. As a result of the forecasted economic development of the plenum Group, we anticipate a successive reduction of the deficit in the balance sheet of plenum AG for the coming year. plenum AG's equity amounted to TEUR 9,010 (Dec. 31, 2006: TEUR 6,878). Total stockholders' equity represents 76.6 % of plenum AG's capital stock amount.

Since distributable capital is not available to plenum AG, a proposal for the appropriation of earnings has not been made.

The Management Board of plenum AG diminished by one member to three members during the financial year. Mr. Janssen (CFO) resigned to seek new challenges. Since then, the finance function was monitored by the Board Chairman, Hartmut Skubch, who handed over his responsibility of the sales function to a Board member, Michael Rohde. An expansion of the current three-member Board to four members is not foreseen at the present time.

VI. Employees

The number of employees of the plenum Group totaled 114 persons as of December 31, 2007. This represents a reduction of 39.4 % compared with the prior year's total of 188 employees. The average number of employees for 2007 was 157 (2006: 190). This mainly resulted from the sale of the agency, plenum stoll & fischbach GmbH (60 employees), at the end of September 2007.

The personnel expenses for 2007 fell by 16.1 % to TEUR 12,582 year-on-year. The ratio of personnel costs to revenues remains virtually unchanged at 56.1 % compared to the prior year's ratio of 56.5 %. The personnel expenses per employee averaging TEUR 80.1 slightly rose by 1.6 % over 2006.

Management's and employees' commitment and competence are decisive success factors for the future development of plenum. The quality of their work at the client forms the basis for a long term and trusting business relation. The in-house continuing education qualification programs and systematic management development remained to be a focal point in the year under review.

VII. Corporate Governance

On November 26, 2007, the Management Board and the Supervisory Board submitted a Declaration of Conformity to the recommendations of the regulatory commission for the German Corporate Governance Code pursuant to §161 of the German Stock Corporation Act (AktG) and made this declaration available to the stockholders of plenum AG via the Internet homepage.

Both Boards declared that they have followed the Code to a major extent and will continue to do so in the future.

VIII. Risk Report

A detailed planning and monitoring process coupled with systematic risk management enable plenum to detect risks at an early stage and to recognize and prevent potential risks. Risk management is an integral part of business processes and corporate decisions and is linked to internal reporting. The entire Management Board bears direct responsibility for the timely detection and control of risks. Operational risk management is largely performed by the finance divisions of plenum AG and its affiliated companies.

In addition to monthly reporting by the subsidiaries on existing and foreseeable risks, the risk management is supported by comprehensive reporting and controlling structures and by the central cash management at the Group level. Special emphasis is placed on financial risks, optimized corporate financing and market risks, which particularly address price fluctuations, default and liquidity risks as well as risks from cash flow fluctuations. Risk monitoring covers the planning, execution and profitability controls of suitable countermeasures.

Risk management is constantly developed further and adapted to the current requirements within the annual strategy and planning meetings.

Market risks

Based on the nature of plenum's business activities, it is exposed to normal business risks such as demand drops, price pressure and credit risks.

Dependence on a major customer significantly declined in 2007 due to a lower share in revenues of 5.0% (2006: 12.4%). The revenue share of the ten largest customers of 46.6% is almost at the level in 2006 (47.7%). In general, the customer base was broadened in 2007; thus, the revenue share of the twenty largest customers dropped from 82.8% to 66.1%.

Significant Services Contracts ("Werkvertrag" – contracts that require plenum to design, develop, manufacture or modify products or a system to a buyer's specifications) were not concluded in 2007. plenum counters the risk from customer and supplier agreements by way of contract arrangements, qualified project management and detailed project controlling.

Financial risks

Financial year 2007 was marked by an increase in cash and cash equivalents to an amount of TEUR 868 (2006: TEUR –2,253). To counter financial risks from cash outflow, investments, new hires and current operating costs continue to be strictly budgeted and systematically controlled. Strict cost cuts in light of economic developments which are difficult to project continue to have highest priority. Furthermore, additional liquidity reserves were setup following the successful placement of the capital increase in June. Management's focus continues to be on maintaining financial independence to a large extent. This objective is supported by way of professional central cash and receivables management as well as short term and non-risk investment policy.

Appropriate precautionary measures are undertaken for existing receivables risks to the extent that the incurrence of such risks is probable. Generally, the broad customer base however ensures a relatively minimum risk in this regard. Active debtor management including debtor collection contributes to the reduction in insolvency risk. Valuation allowances for anticipated losses from bad debts have been recognized in the amount of TEUR 81 (2006: TEUR 166).

The risk from foreign currency exchange rate fluctuations is continuously monitored. Receivables denominated in foreign currencies amounted to TEUR 358 as of December 31, 2007 (Dec. 31, 2006: TEUR 534).

As part of the Management Buy Out of the agency, plenum stoll & fischbach GmbH, in the third quarter 2007 loans were granted to the former managing director. The related risks are restricted by contractual obligations and collateral pledged based on normal market conditions.

Further risks

The backbone of our Company lies in the performance of our employees. As in the past, there is strong competition to attain highly-qualified employees in the sector in which our Company operates. Our future success partially depends on the extent which we are able to gain qualified and competent employees on a lasting basis or to bind these employees in a permanent manner. Short and long term incentive models and comprehensive qualification measures are being implemented to address these issues. Hence, plenum coupled the most important know-how carriers on a long term basis to the Company with the introduction of a Partner model as of September 1, 2007 and established a broad management organization comparable to Anglo-Saxon competitors.

Significant risks arising from pending legal disputes extending beyond the existing provisions do not exist.

Overall risk

In summary, the following items are of utmost importance to plenum at the present time: economic risks, dependence on the development of individual industries and the further expansion of IT Management Consulting. Based on risk analysis, the estimation of probability incurrence and assessment of the effectiveness of countermeasures, management is of the view that there are no risks from today‘s perspective which could threaten the going concern of plenum and AG and its subsidiaries.

IX. Outlook

Economic prospects

According to the German Society for Management Research (DGMF), the German economy was in a more stabile condition at the beginning of the year than expected. Total economic growth of 0.5 % is expected for the first quarter. In all, the Institute forecasts weak, but lasting growth, lower inflation, rising salaries and economic growth of 2.1 % for 2008. An impetus for continued positive economic development is deemed to be private consumption, which will profit from higher employment in 2008 and 2009 and from the constant, robust export economy.

BDU‘s prognosis for consultants is quite confident for 2008 despite higher economic risks. According to a survey from BDU, almost 80 % of the association‘s members have positive estimations; accordingly, many market participants plan to hire additional staff. Although the overall estimations are somewhat more restrained than in the previous year, a minority of about 5 % of those surveyed expect an unfavorable business course in the coming six months.

According to the German Association for Information Technology, Telecommunications and N e.V. (BITKOM), the growth tempo of the ITC market will also be maintained in the following year. Hence, BITKOM expects a rise in the overall market of 1.6 % to EUR 145.2 billion for 2008.

The German Association of Communications Agencies (GWA) in Frankfurt anticipates a sales plus of 5 to 6 % for this year for advertising agencies in Germany. In particular, optimism for the Online business remains uninterrupted. The experts for Online business forecast total earnings of EUR 3.7 billion for 2008, which would mean another significant rise of 29 %.

Business Strategy 2008

Following the finalization of refocusing measures on the core business “Management Consulting”, the emphasis of our strategic actions is now on the expansion of our positioning as a “Consulting Partner for the Industrialization of the Service Sector”.

We observe a growth strategy with simultaneous gradual increases in earnings performance and assume the following parameters:
- The target growth market of approx. 30 % reached already in 2008 will also be maintained in the coming years
- Annual growth of approx. 15 % – 20 %
- Growth will lead to more favorable fixed cost allocation and a gradual increase in the EBIT margin of approx. 12 %
- The tax burden will be very low in the coming years due to the tax loss carryforwards of about EUR 18 million.

In terms of content, we continue to focus on and expand our four core competencies:

- Marketing and Customer Interaction Management
- Business Process Optimization & Outsourcing
- IT Strategy & IT Efficiency and
- Competence & Skill Management.

On a regional basis, we continue to concentrate on the DACH market (Germany, Austria and Switzerland). With plenum FZ LLC in Dubai we have the option of tapping further into the GCC-Region (Gulf Cooperation Council). Besides organic growth, acquisition possibilities also provide an option.

Our core sectors continue to comprise:

- Banks
- Insurance
- Energy suppliers

Other main sectors include logistics and transportation as well as public administrators.

Outlook

We anticipate growth of 15 % to 20 % for 2008 in our continuing operations (revenues: TEUR 17,332), accordingly, total sales revenues are estimated at about EUR 20 million. We anticipate an EBIT of about EUR 1.2 million. For the year thereafter, we anticipate a continued positive trend in revenues and EBIT.

X. Remuneration Report

Management Board Remuneration

Remuneration paid to the Management Board members comprises fixed and variable (bonus) components. The variable component is based on a target agreement predetermined between the Management Board and the Supervisory Board. In the year under review, the Management Board remuneration totaled TEUR 1,354 (Dec. 31, 2006: TEUR 1,319). Of which, TEUR 1.010 relates to the fixed component and TEUR 231 to the variable component. Total remuneration contains personnel-related and other benefits in the amount of TEUR 113, which are mostly for amounts allowed under tax provisions, such as for company cars and insurance contributions. These benefits are contractually allowed to the Board members, vary depending on the respective personal situation and are individually taxed by the Board members. The remuneration relates to compensating the activities rendered by the Management Board of plenum AG and the activities rendered by management of the subsidiaries. In 2007 severance regulations were agreed to for the first time for members of the Management Board, which pertain to both the cancellation of the management board activities without material reasons and in the event of a change in control. Both regulations are oriented to the German Corporate Governance Code.

With effect from August 3, 2007 (date of issuance) 288,000 stock options were issued to members of the Management Board with the approval of the Supervisory Board.

A pension provision recognized for one Board member amounts to TEUR 203 as of December 31, 2007 (12/31/2006: TEUR 211). The remuneration information is presented in the Notes to the financial statements under note 37.

Supervisory Board remuneration

Remuneration paid to the Supervisory Board members is determined by the shareholders‘ meeting and is prescribed under § 13 of the plenum AG‘s company statutes. In 2007, the fixed remuneration component for each member was TEUR 5 and TEUR 10 for the Chairman. In addition, each member receives TEUR 1 for each meeting attended, which is payable after the end of the financial year. Furthermore, in addition to the basic remuneration, the Supervisory Board members are also allowed an incentive bonus depending on the earnings of plenum AG, if and when such an incentive bonus is resolved by the shareholders‘ meeting. In all, an amount of TEUR 38 was provided for Supervisory Board remuneration in 2007 (Dec. 31, 2006: TEUR 38).

XI. Events After the Balance Sheet Date

Events of material importance did not occur after the balance sheet date.

XII. Additional Disclosures

Composition of capital stock and right restrictions

Capital stock totals EUR 11,757,068 and is divided into 11,757,068 non-par value shares. The shares are all common stock and bearer shares. Restrictions to voting rights or transferability of single shares do not exist on the part of the Company.

The Management Board‘s Chairman and founder of plenum AG, Hartmut Skubch, holds a 10 % shareholding interest. Other direct or indirect investments in the company‘s capital that reach or go beyond 10 % of the voting rights have not been reported to us and are not known to us.

Management Board‘s authority for the issuance and repurchase of shares

According to § 5 (3) of the Company‘s statutes, the Management Board is authorized, with the approval of the Supervisory Board, to increase the Company‘s capital stock up to EUR 4,788,534.00 by single or multiple issuances of up to 4,788,534 bearer shares against cash and/or contribution-in-kind (authorized capital I) until July 4, 2012.

According to § 5 (4) of the Company‘s statutes, the capital stock is increased up to EUR 235,000.00 by issuing up to 235,000 conditional new bearer shares (conditional capital). This conditional capital increase is exclusively for issuing stock options as set forth in the stockholders‘ resolution dated June 14, 2002 and the 2002 Stock Option Plan arising therefrom. The conditional capital increase is therefore only conducted to the extent the respective holder can make use of his option rights.

According to § 5 (4a) of the Company‘s statutes, the capital stock is still conditionally increased up to EUR 3,831,534.00 by issuing up to 3,831,534 new bearer shares (conditional capital II). This conditional capital increase was resolved to be used exclusively for exercising convertible options or warrants that can be issued up to July 2, 2011.
The Company‘s capital stock was conditionally increased (conditional capital III) by EUR 722,000.00 by issuance of up to 722,000 bearer shares. The conditional capital increase was resolved to be used exclusively for fulfilling the options that will be granted until July 4, 2012 as authorized by the Annual Shareholders‘ Meeting of July 5, 2007. The conditional capital increase shall only be performed to the extent the owner can make use of his rights with respect to the Company‘s shares and the Company does not grant own shares in fulfilling the options.
According to the ordinary shareholders‘ meeting resolution dated July 3, 2006, the Company is authorized to purchase its own shares up to a 10% share of the capital stock until December 31, 2007. The stock can be acquired through the stock exchange, a purchase bid to all stockholders or off-the-board. The acquisition of shares can take place directly through the stock exchange, by way of a public purchase bid or as part of an off-the-board package acquisition. The authorization to acquire shares was not extended beyond the closing date of December 31, 2007.

Requirements concerning the appointment and dismissal of Management Board member and statute amendments

The Management Board is appointed and dismissed pursuant to §§ 84 and 85 of the German Stock Corporation Act (AktG).

The Supervisory Board is authorized under § 12 (2) of the Company‘s statutes to conduct amendments to the statutes, which relate only to that version. For the rest, § 179 AktG applies to amendments made to the Company‘s statutes.

Consolidated Income Statement

€ thousands	Note	2007	2006
Sales revenues	7	22,402	26,539
Cost of revenues	8	–15,593	–22,012
Gross profit		**6,809**	**4,527**
Selling expenses	9	–2,616	–2,488
General and administrative expenses	10	–4,483	–3,615
Research and development expenses	11	–1,028	–629
Other operating income and expenses	12	1,501	1,324
Operating result		**183**	**–881**
Financial result	13	110	133
Result from continuing operations before income taxes		**293**	**–748**
Income taxes	14	2	604
Group net income (prior year: net loss)		**295**	**–144**
Of which attributable to:			
– Equity holders of the parent		291	–144
– Minority interests		4	0
Earnings per share (in €, undiluted)	15	0,03	–0,02
Earnings per share (in €, diluted)	15	0,03	–0,01
Average number of shares outstanding (in thousands, undiluted)	15	10,675	9,577
Average number of shares outstanding (in thousands, diluted)	15	10,675	9,626

Consolidated Balance Sheet

Assets € thousands	Note	Dec. 31, 2007	Dec. 31, 2006
Cash and cash equivalents / securities	16	4,449	3,581
Trade accounts receivable	17	4,512	4,138
Inventories	18	0	4
Loans	19	1,258	1,207
Prepaid expenses and other current assets	17	1,282	507
Total current assets		**11,501**	**9,437**
Property, plant and equipment	19	402	797
Intangible assets	19	54	142
Financial assets	19	112	90
Loans		480	0
Non-current tax receivables	20	658	731
Deferred tax assets	14	59	98
Total non-current assets		**1,765**	**1,858**
Total assets		**13,266**	**11,295**

Liabilities and stockholders' equity € thousands	Note	Dec. 31, 2007	Dec. 31, 2006
Trade accounts payable	21	1,222	814
Advance payments received	21	469	197
Current provisions	22	2,336	3,411
Income tax liabilities		2	0
Other current liabilities	21	522	834
Total current liabilities		**4,551**	**5,256**
Deferred tax liabilities	14	43	107
Pension provisions	23	816	892
Total non-current liabilities		**859**	**999**
Capital stock	24	11,757	9,577
Capital reserves		14,464	14,224
Treasury stock	24	−83	−83
Income and expenses recognized directly in stockholders‘ equity		24	−52
Accumulated deficit		−18,335	−18,626
Minority interests		29	
Total stockholders' equity		**7,856**	**5,040**
Total liabilities and stockholders' equity		**13,266**	**11,295**

Presentation of Recognized Income and Expense

€ thousands	2007	2006
Group net income (prior year: net loss)	295	–144
Actuarial losses on defined benefit obligations for pensions other post-employment benefits	121	–79
Deferred taxes	–45	32
Total recognized income and expenses	**–371**	**–191**

Development of income and expenses recognized directly to equity

€ thousands	Offset of actuarial gains and losses
Balance at Jan. 1, 2006	–5
Additions	–79
Releases	0
Deferred Taxes	32
Balance at Dec. 31, 2006	**–52**
Balance at Jan. 1, 2007	–52
Additions	0
Releases	121
Deferred Taxes	–45
Balance at Dec. 31, 2007	**24**

Statement of Changes in Stockholders' Equity

€ thousands	Number of shares in thou-sands	Group net result	Capital stock	Capital reserves	Treasury stock	Income and expense recog-nized directly in stock-holders' equity	Accumu-lated deficit	Subtotal	Minority interests	Total stock-holders' equity
January 1, 2006	9,577		9,577	14,224	−83	−5	−18,842	5,184	0	5,184
Capital increase from stock options				47				47		47
Actuarial gains/(losses)						−79		−79		−79
Deferred taxes						32		32		32
Group net result		−144					−144	−144		−144
December 31, 2006	9,577		9,577	14,224	−83	−52	−18,626	5,040	0	5,040
January 1, 2007	9,577		9,577	14,224	−83	−52	−18,626	5,040	0	5,040
Capital increase from stock options				74				74		74
Capital increase	2,180		2,180	166				2,346		2,346
Capital contribu-tion from minority interests									25	25
Actuarial gains/losses						120		120		120
Deferred taxes						−45		−45		−45
Group net result		295					291	291	4	295
December 31, 2007	11,757		11,757	14,464	−83	24	−18,335	7,827	29	7,856

Consolidated Cash Flow Statement

€ thousands	2007	2006
Group net result	295	–144
Minority interests	–4	0
Depreciation and amortization	405	553
Correction for non-cash income from tax refunds	–2	–604
Gains on retirements of intangible assets and property, plant and other equipment	48	4
Financial result	–110	–133
Other non-cash expenditures and income	15	–681
Changes in working capital:		
Inventories	4	56
Trade accounts receivable	–374	–674
Prepaid expenses and other current assets	–682	604
Trade accounts payable	408	–44
Other liabilities	–312	164
Change in provisions	–1.029	–1.069
Change in other assets and liabilities	275	–62
Proceeds from interest	53	65
Proceeds/payments for income taxes	58	–80
Cash flows used for operating activities	**–952**	**–2.045**
Cash inflow from the disposal of intangible assets and property, plant and equipment	367	49
Cash inflow from the disposal of financial assets	0	39
Cash outflow for the purchase of intangible assets and property, plant and equipment	–250	–235
Change in the scope of consolidation	–87	0
Cash outflow for purchase of financial assets	–494	0
Cash flows used for investing activities	**–464**	**–147**
Gross cash inflow from capital increase	2.485	0
Costs of capital increase	229	
Cash outflow for retirements of debt	0	–61
Cash flows provided by financing activities	2.285	–61
Change in cash and cash equivalents	**869**	**–2.253**
Changes caused by exchange rate movements	–1	0
Cash and cash equivalents / securities at the beginning of the period	3.581	5.834
Cash and cash equivalents / securities at the end of the period*	4.449	3.581

* Cash and cash equivalents / securities comprise of liquid funds of TEUR 3,939 (Dec. 31, 2006: TEUR 2,922) and securities of TEUR 510 (Dec. 31, 2006: TEUR 659).

Segment Information

€ thousands		Consulting	Communi-cations	Implemen-tation	Total[2]
Gross sales revenues	CY	15,895	7,746	0	23,641
	PY	*11,821*	*11,657*	*4,362*	*27,840*
Intercompany sales[1]	CY	928	311	0	1,239
	PY	*907*	*394*	*0*	*1,301*
Net sales revenues	CY	14,967	7,435	0	22,402
	PY	*10,914*	*11,263*	*4,362*	*26,539*
Depreciation and amortization	CY	–127	–183	0	–310
	PY	*–184*	*–217*	*0*	*–401*
Other segment costs	CY	–14,022	–6,020	0	–20,042
	PY	*–9,705*	*–11,134*	*–4,187*	*–25,026*
Segment results (EBIT)	CY	818	1,232	0	2,050
	PY	*1,025*	*–88*	*175*	*1,112*
Segment assets	CY	5,044	2,212	0	7,256
	PY	*3,798*	*2,252*	*763*	*6,813*
Segment liabilities	CY	–3,907	–1,923	0	–5,383
	PY	*–1,605*	*–2,161*	*–1,617*	*–5,383*
Segment investments	CY	92	102	0	194
	PY	*56*	*176*	*0*	*232*

CY = Current year; PY = Prior year
[1] Sales between segments
[2] Reconciliation to Group figures under note 32
Due to the exit from the implementation business, figures for the Implementation segment are not applicable in 2007.

Impairment losses included in the respective segment results:

€ thousands	2007	2006
Consulting	13	52
Communications	42	58
Implementation	0	27
Total	55	137

Notes to the Consolidated Financial Statements

A. Basis of presentation

1. General accounting policies

plenum AG and its subsidiaries (together referred to as "plenum Group") render consultancy services in the segments: IT-Strategy and Business Alignment, IT-Efficiency and IT-Governance, IT- Architecture and Technology Consulting, Customer Relationship Management (CRM) and eBusiness. Moreover, the Group operates communications business for brand communications and interactive marketing.

The parent company is a corporation based on German law with its registered office located at 65203 Wiesbaden, Hagenauer Str. 53.

The Management Board approved the accompanying consolidated financial statements on March 7, 2008 and authorized for publishing and will be presented for adoption to the Supervisory Board at its meeting on April 14, 2008.

It has been resolved to apply the exemption provisions under Article 264 (3) of the German Commercial Code (HGB) (Audit and Publishing) for plenum Management Consulting GmbH, Wiesbaden, for DOM Digital Online Media GmbH, Cologne, and for in:sight customer information management GmbH (formerly: Customer Care GmbH), Wiesbaden, for the financial year ended 2007.

The consolidated financial statements of plenum AG and its subsidiaries (hereinafter referred to as "plenum" or "the Group") have been prepared in conformity with the International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB), London, which are endorsed by the European Union, and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The preparation of the consolidated financial statements is made on the principle of the historical cost of acquisition and production, which are reflected at the fair value of the financial assets and financial liabilities. The fair value is based on the current offer price if a market exists for that item. Where no active market exists, the fair value is determined on the basis of an appropriate valuation method. This comprises recent transactions, current market prices of similar assets, discounted cash flow method (DCF) and option price models.

Supplemental provisions pursuant to Article 315a (1) HGB concerning additional notes disclosures and Article 315 HGB concerning the management report have been observed.

The consolidated balance sheet and consolidated income statement correspond to the classification criteria prescribed under IAS 1 (Presentation of Financial Statements). For the sake of clarity and meaningfulness, certain items in the income statement, balance sheet and Notes have been explained separately.

The Group's reporting currency is the euro (€ or EUR). The consolidated financial statements and management report have been drawn up in thousand euros. All amounts in the consolidated financial statements and management report are shown in thousand euros (TEUR or T€), except where otherwise indicated. Regarding subsidiaries outside of the euro zone, the annual financial statements drawn up in the respective country's local currency have been translated to the euro.

The recognized accounting and valuation principles are presented in detail in the explanations to the respective positions. The income statement has been prepared using the internationally accepted cost of sales method.

2. Scope of consolidation

All subsidiaries in which plenum holds, directly or indirectly, the majority of voting rights (affiliated companies) are fully consolidated.

Effective February 16, 2007, plenum AG, as the sole shareholder, formed plenum Customer Care GmbH with capital stock of TEUR 25 and a registered office in Wiesbaden. The company was renamed to Customer Care GmbH by resolution dated June 12, 2007. In June 2007 the capital stock of the subsidiary increased to TEUR 50 as a result of a contribution-in-kind from other shareholders. Consequently, plenum AG's investment interest decreased to 51 % of the business shares effective June 12, 2007. Thereafter, the company was again renamed to in:sight customer information management GmbH. The equity and earnings share attributable to minority interests have been separately disclosed in the balance sheet directly in stockholders' equity and in the income statement.

Effective February 28, 2007, plenum AG established a wholly-owned subsidiary in Dubai, the plenum FZ-LLC. This company has capital stock of TAED 500 (TEUR 107).

plenum AG sold plenum stoll&fischbach GmbH as part of a Management Buy Out with effect from September 30, 2007. The transaction was structured in such a manner that accounted and unaccounted assets of both business segments ("Traditional Advertising/PR" and "Online Digital Media") were sold as part of two Asset Deals. The disposal of the Traditional Advertising/PR segment was made to brandplatform GmbH; and the Online Digital Media to SF eBusiness GmbH. In conclusion and as part of a Share Deal, plenum AG's business share was transferred to plenum stoll&fischbach GmbH.

Other changes to the scope of consolidation did not arise as of the end of the prior year.

Investments in associated and interests in Joint Ventures do not exist.

An overview of all affiliated companies (List of Investments) at the balance sheet date is attached to the Notes.

B. Summary of significant consolidation, accounting and valuation principles

3. Consolidation principles

The annual financial statements of the affiliated companies are included in the consolidated financial statements in conformity with IFRS and in accordance with the uniform accounting and valuation methods as applied by plenum AG. IFRS 3 (Business Combinations) is not required to be applied retrospectively to business combinations incurred before the date of transition to IFRS in accordance with IFRS 1 (First Adoption of International Accounting Standards). plenum has elected this option. The classification of a business combination according to US-GAAP conducted before the first adoption of IFRS has been respectively maintained.

Capital consolidation is performed according to the purchase method. According to the purchase method, the acquisition costs are offset against the prorated equity to the parent company at the date of acquisition or first time consolidation. Any residual positive difference is capitalized as goodwill and written-down, if required, on the basis of impairment tests performed, if the carrying value of goodwill exceeds the present value of the expected inflows from the asset. Shares in other investments are measured at fair values and classified as financial assets available-for-sale, if the fair values can be reliably measured. Where the fair values cannot be sufficiently measured for unlisted financial assets, the shares are measured at cost.

Revenues, receivables and payables as well as expenses and income and interim results from intragroup transactions are eliminated. Any intercompany differences arising from the consolidation of intercompany balances are offset with an impact on the result. Deferred taxes are recognized on consolidation transactions for temporary differences that will reverse at a later date.

4. Foreign currency translation

The annual financial statements of foreign subsidiaries have been translated to the euro using the functional currency concept based on the modified closing rate method pursuant to IAS 21 (The Effects of Changes in Foreign Exchange Rates). Since the subsidiaries conduct their transactions independently in an organizational, financial and economic respect, the respective local currency is the functional currency. Income and expense items are translated using the monthly average rates; assets and liabilities at the closing rate (midrate) and the subsidiary's equity at historical rates. The monthly average rate takes into consideration the respective rate on the last business days of the previous month.

Translation differences from equity-related foreign currency translation is recognized directly in equity and presented in a separate column in the statement on changes in equity.

Translation differences incurred as part of consolidation of intercompany balances are recognized in the income statement and shown under other operating income and expenses.

In the statement on the development of non-current assets the balances at the start and end of the year are translated at the respective closing rates, depreciation and write-ups for the year at average rates and all other positions at the closing rate at the end of the year. A translation difference arising from exchange rate fluctuations are shown under acquisition and production costs and under accumulated depreciation in a separate column.

Receivables and payables denominated in foreign currencies are translated at the closing rate in the annual financial statements of the consolidated company. Unrealized gains or losses from foreign currency translation as of the balance sheet date are recognized directly to income or loss.

Arab Emirate Dirham (AED)	12/31/2007	2/28/2007	Movement in %
Closing rate (1 AED)	0.18502	0.20627	–10.3

	2/28–12/31/2007
Closing rate (1 AED)	0.19572

5. Use of estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions that may affect the reported amounts of assets, liabilities, disclosure of contingent liabilities as of the balance sheet date as well as the income and expenses during the reporting period. Existing uncertainties are reasonably taken into account as of the balance sheet date. However, actual amounts could differ from those estimates. The use of estimates and assumptions for the following items were of particular importance as of the balance sheet date:

- Revenues from rendering services that are recognized according to the percentage-of-completion method. The Group estimates the portion of services already rendered as of the balance sheet date from the total services yet to be rendered.

- The Group renders services subject to a warranty. Management estimates the amount of the provision for future warranty obligations on the basis of historical utilization of warranties but also considers current trends that could indicate that past costs could differ from future ones.

- The present value of the pension obligations depends on a number of factors based on actuarial parameters. The calculation of the net expense (income) for pension parameters is based on a discount rate. Every change in these parameters directly affects the carrying value of the pension obligations.

- The Group applies an appropriate discount rate at the end of every year for obligations to be shown at present value.

- The Group observes the recommendations under IAS 39 (Financial Instruments: Recognition and Measurement) with respect to assessing as to whether the financial assets are permanently impaired. Material assumptions must be made in making such estimates. Besides other factors, the Group assesses the duration and extent in which the fair value of financial assets is below their respective carrying values, the financial position and the business perspectives of the company's investments including profitably and industry-specific performance, technological advances and the development of cash flows from operating activities and financing activities.

- Deferred tax assets are also recorded for tax loss carry forwards. In case there is doubt regarding the use of the loss carry forward, a corresponding write-down is made to the deferred tax asset.

- Other provisions also cover anticipated losses from uncompleted Specified Services Contracts ("Werkvertrag" – contracts that require plenum to design, develop, manufacture or modify products or a system to a buyer's specifications) based on fixed prices, anticipated legal fees and other uncertain liabilities. The amount of anticipated losses is based on estimates of costs still necessary to realize the contractually agreed services and on expert opinions of the attorney.

6. Newly issued accounting standards

The accompanying consolidated financial statements as of December 31, 2007 include those Standards and Interpretations that had to be applied for the first time. Earlier adoption of issued Standards or Interpretations was waived.

In 2007 the following accounting Standards and Interpretations had to be applied for the first time:

- IFRS 7 (Financial Instruments: Disclosures) requires the disclosure of information on the significant financial instruments for an entity's financial position and performance, the nature and extent of risks arising from financial instrument, and how such risks are managed. The disclosure requirements under IAS 32 (Financial Instruments: Presentation) and IAS 30 (Disclosures in the Financial Statements of Banks and Similar Financial Institutions) were combined and expanded by new disclosure requirements. The Standard is to be applied for annual periods beginning on or after January 1, 2007.
- IAS 1 A: Amendment to IAS 1: Capital Disclosures. This Standard and the Revised IAS 1: Presentation of Financial Statements issued in September 2007 aims to improve the possibilities of analyses and comparability of financial statements for the user. IAS 1 prescribes the basis of presentation and structure of the financial statements. It contains minimum requirements for the contents of financial statements. The new Revised IAS 1 is to be applied for annual periods beginning on or after January 1, 2009.

The first adoption of both IFRS 7 and IAS 1 A do not have a material impact on the plenum Group's net assets, financial position or results of operations.

In addition to the aforementioned Standards the following new or revised Standards and Interpretations of IASB and IFRIC have been issued:

- Revised IAS 1: Presentation of Financial Statements
- IFRS 8: Operating Segments
- IAS 23 A: Amendment to IAS 23: Borrowing Costs
- IFRIC 11: IFRS 2 – Group and Treasury Share Transactions
- IFRIC 12: Service Concession Arrangements
- IFRIC 13: Customer Loyalty Programmes
- IFRIC 14: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Since neither of these is yet mandatory or endorsement by the European Commission is still pending, they have not been applied in the consolidated financial statements as of December 31, 2007. An impact on the presentation of the plenum consolidated financial statements will not arise.

C. Notes to the Consolidated Income Statement

7. Sales revenues

Sales revenues comprise the fair value of consideration received or to be received from the sale of goods or rendering of services as part of normal business activities. Sales revenues are reported exclusive of sales taxes, returns, rebates and price discounts and after elimination of intercompany sales.

Under IFRS, long term Specified Services Contracts are accounted for according to the percentage-of-completion method provided the necessary conditions are satisfied. According to this method, contract costs are recognized when incurred. The application of this method leads to partial revenue recognition before completion of the contract for Specified Services Contracts and increases revenues by the corresponding amount.

Sales from the rendering of services are recognized according to the stage of completion in relation to rendered and total services to be rendered in the year in which the services are rendered.

Where the result from construction contracts can not be reliably measured, the contract revenues are recognized only to the extent that contract costs incurred are most probably reimbursable.

Where the result from construction contracts can be reliably measured and it is probable that the contract will be profitable, the contract revenues are recognized over the contract term. If it is probable that total contract costs will exceed total contract revenues, the anticipated loss is immediately recognized to expense. The stage of completion corresponds to the percentage rate of contract costs incurred as of the balance sheet date in relation to the expected total costs of the contract. Costs incurred during the current year in connection with future activities of a contract are not included in the contract costs in determining the stage of completion. Such costs are recognized under inventories, advance payments or other assets, depending on their nature. plenum AG reports all current construction contracts with debit balances due from customers as assets for contracts in which costs incurred plus profits recognized (or less recognized losses) exceed total partial billings. Partial billings not yet paid by customers are reported under trade accounts receivable. the Group reports all current construction contracts with credit balances due from customers as liabilities for contracts in which the total of partial billings exceed costs incurred plus recognized profits (or less recognized losses).

8. Cost of revenues

Cost of revenues comprises total production costs incurred on services rendered for the year under review. Besides directly attributable costs such as costs for purchased services and personnel costs, contract related overhead costs and depreciation are also offset according to certain cost centers.

9. Selling expenses

Selling expenses comprise all costs for activities that do not directly increase the services rendered by the company, but serve to assure sales. This position mainly contains marketing costs and costs for preparing and presenting proposals and presentations.

10. General and administrative expenses

General and administrative expenses comprise all expenses attributable to administration and not directly attributable to the production or selling process. This includes personnel and material costs for Group monitoring, human resources, purchasing, accounting and IT.

11. Research and development expenses

Research and development costs are expensed as incurred, provided that no significant costs were incurred in the period between technological availability and market maturity. An amount of TEUR 1,028 (2006: TEUR 629) was expensed as incurred in 2007.

12. Other operating income and expenses

Other operating income and expenses comprise amounts that cannot be classified to functional areas; and includes the following positions:

Other operating income

€ thousands	2007	2006
Income from the release of provisions	942	1.243
Income from the reduction of valuation allowances	67	87
Foreign currency translation differences	33	1
Other	726	93
thereof special effect for separation from plenum stoll & fischbach GmbH	*675*	*0*
	1,768	1,424

The income from the release of provisions relates to provisions for: warranties in the amount TEUR 328 (2006: TEUR 393), personnel-related provisions of TEUR 480 (2006: TEUR 114), outstanding invoices of TEUR 80 (2006: TEUR 114) and other provisions of TEUR 54 (2006: TEUR 44).

The remaining other operating income predominantly relates to TEUR 675 for the separation from plenum stoll & fischbach GmbH (Asset-Deal: TEUR 1,000 less TEUR 325 for transaction costs).

Other operating expenses

Other operating expenses amounted to TEUR 267 in 2007 (2006: TEUR 100).

13. Financial result

The breakdown of the financial result is as follows:

€ thousands	2007	2006
Income from investments	33	22
Income from loans held as financial assets	52	50
Income from securities	10	0
Interest and similar income	76	102
Write-downs to securities held as current assets	–13	0
Interest and similar expenses	–48	–41
	110	133

Other interest and similar income primarily relates to interest from current accounts and short term time deposits and securities (TEUR 54) as well as TEUR 4 for interest income from tax refunds. Interest expenses mostly comprise the interest portion for additions to the pension provisions (TEUR 40).

14. Income taxes

Income taxes include taxes paid or payable on income and deferred taxes. Income taxes comprise of trade taxes, corporate income taxes and unification surcharges (the reimbursement of a non-current tax receivable is explained under Note 20.

Income taxes of the Group are broken down as follows:

€ thousands	2007	2006
Current tax expense (prior year: income)	−68	702
Deferred tax income (prior year: expense)	70	−98
	2	604

Companies with a legal form of a corporation are levied corporate income taxes of 25% and unification surcharges of 5.5 % of corporate income taxes payable for 2007 and 2006. This results in an effective corporate income tax rate of 26.4 %. Taking into account trade taxes, which represented 14.2 % after consideration of corporate income taxes, the total tax rate is 40.6 %.

The above stated total tax rate will be reduced to 31.2 % with the German Corporate Tax Reform starting in 2008. This is mainly affected by the reduction in the corporate income tax rate from 25 % to 15 %. The tax rate reduction has been taken into account in the calculation of deferred tax assets and liabilities of the German companies.

As of the balance sheet date, December 31, 2007, a reduction to equity totaling TEUR 8 arose from the adjustment of the tax rates.

The current taxes for 2006 contain income from the capitalization of the corporate income tax reduction credit of TEUR 731. In 2007 total income of TEUR 27 arises from the valuation of the old corporate income tax credit as of the balance sheet date on December 31, 2007 (refer to Note 20).

Deferred taxes are recognized for all temporary differences that will reverse between German tax accounting principles and IFRS. The calculation is made according to the balance sheet liability method. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred tax assets that potentially reduce future tax charges are capitalized for net operating loss carry forwards. Where the realization of the tax net operating loss carry forward is improbable, recognition is not made.

Deferred tax assets and deferred tax liabilities are allocated to the following balance sheet positions:

€ thousands	2007	2006
Pension provisions	59	98
Deferred tax assets	**59**	**98**
Receivables	27	107
Securities	3	0
Pension provisions	13	0
Deferred tax liabilities	**43**	**107**

Deferred tax liabilities include the full effects from deferred taxes arising from use of the percentage-of-completion method on the individual balance sheet positions.

Deferred tax assets and liabilities are offset if a legally enforceable right to set off the recognized amounts exists and if they relate to income taxes levied by the same taxation authority. The table below presents deferred tax amounts expected to be realized on a current (within one year) and non-current basis:

€ thousands	2007	2006
Deferred tax assets > 12 months	59	98
Deferred tax assets < 12 months	0	0
Deferred tax liabilities > 12 months	12	0
Deferred tax liabilities < 12 months	30	107

Deferred taxes developed as follows:

€ thousands	2007	2006
Balance at the beginning of the year	–9	57
Income / expense in the income statement	70	– 98
Amount recognized directly in equity	–45	32
Balance at the end of the year	**16**	**–9**

Deferred taxes recognized directly in stockholders' equity relate to actuarial gains and losses that are also directly recognized in stockholders' equity arising from the valuation of pension obligations.

Furthermore, the deferred taxes as shown in the income statement include the tax portion (expense of TEUR –90) from the unrecognized directly related costs from the issuance of equity pursuant to IAS 32.37.

As of December 31, 2007, tax net operating loss carryforwards consist of TEUR 22,513 (Dec. 31,2006: TEUR 20,717) for corporate income taxes and TEUR 25,031 (Dec. 31,2006: TEUR 20,657) for trade taxes. Due to the uncertainties regarding the realization of the tax net operating loss carryforward, deferred tax assets created in prior years have been fully written-down.

In relation to the Group result before income taxes, the effective tax rate for the reporting year was + 0.7% (2006: –91.3 %). This effect arises from the unrecognized deferred taxes on tax loss carryforwards in the previous years and the recognition of a non-current tax receivable that is explained in more detail under Note 20.

The reconciliation of expected tax charges is based on the current German combined income tax rate in effect of 40.6 %, which remained unchanged from the previous year, and is presented in the table below. The combined income tax rate comprises the corporate income tax rate of 21.8 % after trade taxes, the unification surcharge of 5.5 % and the trade tax rate of 17.6 %.

€ thousands	2007	2006
Group net result before income taxes	**293**	**–748**
Expected tax expense / income	–119	222
Variances caused by tax rates	223	0
Tax refunds from prior years	27	692
Tax backpayments for prior years	0	–51
Valuation allowance on deferred tax assets	–75	–232
Taxes on tax-exempt income and non-deductible expenses	–35	–9
Others	–19	–18
Income taxes	**2**	**604**

15. Earnings per share and dividends

Earnings per share is calculated by dividing the Group result by the weighted average number of ordinary shares outstanding during the period.

The earnings per share has diluting effects when the average number of shares increases by conversion of potential ordinary shares issued from option rights.

In 2005 and 2007 option rights were issued to the employees. The earnings per share has diluting effects when the average stock price during the financial year is higher than the exercise price of the option rights. Diluting effects were incurred only in 2006 from the option rights issued in 2005. In 2007, diluting effects were not incurred.

According to the treasury stock method, the stock options issued from 2000 to 2002 did not have diluting effects on earnings per share, because the average fair value of the share was below the exercise price of the option.

Dividends were not paid for the financial year 2006; dividend payments are not foreseen for the financial year 2007.

D. Notes to the Consolidated Balance Sheet

16. Cash and cash equivalents/securities

€ thousands	Dec. 31, 2007	Dec. 31, 2006
Cash and cash equivalents	3,939	2,922
Securities	510	659
	4,449	3,581

Cash and cash equivalents comprise cash on hand and bank balances with an original maturity of three months or less.

Securities held as short term investments are measured at fair value as of the balance sheet date. These include short term money deposits in a money market fund and are available daily without a notice term. Material transaction costs are not incurred upon sale and are not considered to cause material value reductions.

The effective interest rate for short term money deposits is 3.85 %; these deposits have an average maturity term of 36.2 days.

17. Receivables and other assets

Receivables are carried at fair value upon initial recognition and at amortized cost upon subsequent measurement.

Receivables include unbilled sales from projects on a fixed price basis plus a profit mark-up corresponding to its stage of completion less corresponding advance payments received.

In case the collectibility of receivables is doubtful, such accounts are recognized at the lower realizable value. In addition to the necessary individual valuation allowance for bad debts, a general valuation allowance is created for recognizable risks arising from general credit risks.

Trade accounts receivable are broken down as follows:

€ thousands	Dec. 31, 2007	Dec. 31, 2006
Trade accounts receivable	4,347	3,743
Future receivables from project services that have not yet been invoiced	246	561
less allowances for bad debts	−81	−166
	4,512	4,138

The Group increased the valuation allowance for bad debts by TEUR 55 during the financial year. At the same time, the valuation allowance was utilized by TEUR 36 and reversed by TEUR 67. The net balance is recognized under selling expenses in the income statement. Furthermore, valuation allowances for default risks were deconsolidated as part of the sale of plenum stoll & fischbach GmbH.

Prepaid expenses and other current assets are broken down as follows:

€ thousands	Dec. 31, 2007	Dec. 31, 2006
Tax receivables	268	164
Prepaid expenses	357	270
Loans	180	0
Installment payment	150	0
Others	327	74
	1,282	508

The prepaid expenses are determined according to proper deferral of expenses for the period.

18. Inventories

This position mainly comprises project costs for services in progress that have not yet been invoiced.

Additions to inventories are measured at acquisition or production costs. Included in production costs are direct costs for materials and wages and overhead costs for materials and production. Other costs are not included. The values on the subsequent balance sheet dates are determined from the lower of the amortized cost and the net selling price as of the closing date.

19. Non-current assets

The development of intangible assets and property, plant and equipment is presented in the table below:

€ thousands	Intangible assets	Leasehold improvements	Plant and office equipment	Total property, plant and equipment
Acquisition costs at Jan. 1, 2006	2,505	1,207	5,156	6,363
Additions	53	0	184	184
Retirements	–1	–53	–320	–373
Reclassification	0	8	–8	0
Acquisition costs at Dec. 31, 2006	**2,557**	**1,162**	**5,012**	**6,363**
Accumulated depreciation at Jan. 1, 2006	2,261	876	4,420	5,296
Additions	154	107	292	399
Retirements	0	–44	–274	–318
Reclassification	0	6	–6	0
Accumulated depreciation at Dec. 31, 2006	**2,415**	**945**	**4,432**	**5,377**
Net book value at Dec. 31, 2006	**142**	**217**	**580**	**797**
Acquisition costs at Jan. 1, 2007	2,557	1,162	5,012	6,174
Additions	37	49	164	213
Retirements	–425	–693	–1,714	–2,407
Change in consolidation scope	–178	–71	–234	–305
Reclassification	0	0	0	0
Acquisition costs at Dec. 31, 2007	**1,991**	**447**	**3,228**	**3,675**
Accumulated depreciation at Jan. 1, 2007	2,415	945	4,432	5,377
Additions	85	84	236	320
Retirements	–394	–621	–1,576	–2,197
Change in consolidation scope	–169	–33	–194	–227
Reclassification	0	0	0	0
Accumulated depreciation at Dec. 31, 2007	**1,937**	**375**	**2,898**	**3,273**
Net book value at Dec. 31, 2007	**54**	**72**	**330**	**402**

There are no intangible assets with indefinite useful lives; and there are no internally generated intangible assets.

Purchased intangible assets are measured at cost and amortized on a systematic straight-line basis over their estimated useful lives.

Property, plant and equipment are measured at cost and depreciated on a straight-line basis over their estimated useful lives.

Intangible assets and property, plant and equipment are subject to impairment tests as of the balance sheet date when the recoverable amount of the asset is below the asset's net carrying value. The asset's recoverable amount is the higher of an asset's net selling price and the present value of the expected cash inflows from the asset.

The estimated useful lives within the Group are as follows:

	2007
Software and licenses	3 – 8 years
Patent rights	10 years
Leasehold improvements	3 – 11 years
Hardware	3 – 8 years
Plant and office equipment	3 – 23 years

The financial assets developed as follows in 2007:

€ thousands	Financial assets	Loans	Total
Acquisition costs at Jan. 1, 2006	13,993	1,157	15,150
Additions	6	50	56
Disposals	– 39	0	– 39
Reclassification	0	0	0
Acquisition costs at Dec. 31, 2006	**13,960**	**1,207**	**15,167**
Accumulated depreciation at Jan. 1, 2006	13,870	0	13,870
Additions	0	0	0
Disposals	0	0	0
Reclassification	0	0	0
Accumulated depreciation at Dec. 31, 2006	**13,870**	**0**	**13,870**
Net book value at Dec. 31, 2006	**90**	**1,207**	**1,297**
Acquisition cost at Jan. 1, 2007	13,960	1,207	15,167
Additions	22	531	553
Disposals	0	0	0
Reclassification	0	0	0
Acquisition costs at Dec. 31, 2007	**13,982**	**1,738**	**15,720**
Accumulated depreciation at Jan. 1, 2007	13,870	0	13,870
Additions	0	0	0
Disposals	0	0	0
Reclassification	0	0	0
Accumulated depreciation at Dec. 31, 2007	**13,870**	**0**	**13,870**
Net book value at Dec. 31, 2007	**112**	**1,738**	**1,850**

Financial assets are capitalized at cost on the date incurred or the transfer of the asset. For purposes of subsequent measurement as of the balance sheet date, a classification is made between financial assets held-to-maturity, loans and receivables, financial assets available-for-sale and financial assets held at fair value through profit or loss.

Financial assets are derecognized when the Group's contractual rights to receive the cash flows from the financial assets expire or the financial assets are transferred, together with all material risks and benefits.

Financial assets available-for-sale and held at fair value through profit or loss are recognized at fair value as at the balance sheet date, if it can be reliably measured. Regarding financial assets available-for-sale, value fluctuations between the balance sheet dates are transferred to reserves without an impact on result. The release of reserves with an impact on result is made either upon disposal or drop in fair value below the carrying value (write-down). Value fluctuations for financial assets held at fair value through profit or loss are recorded with an impact on result. In case the fair value of the unlisted financial assets cannot be reliably measured, the shares are measured at acquisition costs.

Loans and receivables as well as financial assets held-to-maturity are measured at amortized cost as of the balance sheet date. In case the recoverable amount falls below the carrying value as of the balance sheet date, write-downs are recognized with an impact on result. The recoverable amount is determined as the present value of all future payments incurred on the financial assets.

plenum holds securities that are available-for-sale. These securities were written-down in full in 2001 due to insolvency reported by the issuing company. In prior financial years and as at December 31, 2007, write-ups were not recognized because according to management, a sale of the securities was not possible due to a lack of demand.

Reinsurance claims are stated at the cash surrender value. The loans granted to Hartmut Skubch (see Note 33 under related parties) are measured at amortized cost.

20. Non-current tax receivable

The non-current tax receivable comprises of corporate income tax refund claims in the amount of TEUR 658 (prior year: TEUR 731). This relates to a corporate income tax credit that will be realized in equivalent amounts over a period of 10 years from 2008 to 2017. The change over the previous year arises from the amount accrued. The partial amount due within one year after the balance sheet date is shown under other assets.

21. Liabilities

Residual term > 1 year

€ thousands	Dec.31, 2007	of which > 1 year	Dec.31, 2006	of which > 1 year
Advance payments	469	0	197	0
Trade accounts payable	1,222	0	814	0
Income tax liabilities	2	0	0	0
Other current liabilities	522	0	834	0
	2,215	0	1,845	0

The Group has differing credit lines available for cash credit, guarantees, discount or money market credit for daily disposition in the total amount of TEUR 542 (Dec. 31, 2006: TEUR 940); of which TEUR 150 (Dec. 31, 2006: TEUR 650) comprise of cash credits. Of these limits, an amount of TEUR 131 was withdrawn in the form of guarantees as of December 31, 2007 (Dec. 31, 2006: TEUR 450).

Other current liabilities consist of:

€ thousands	Dec.31, 2007	Dec.31, 2006
Taxes	454	399
Wages and salaries	2	4
Others	66	431
	522	834

Liabilities are carried at fair value upon initial recognition and at amortized cost upon subsequent measurement using the effective interest rate method. The accounting of financing costs is made with an impact on result and to the proper period.

The line item, Others, as of December 31, 2006 comprises an obligation to repay development funds to the federal state of Berlin in the amount of TEUR 364. The obligation was deconsolidated as part of the sale of plenum stoll & fischbach GmbH.

22. Provisions

Current provisions developed as follows:

€ thousands	Jan. 1, 2007	Use	Reversal	Addition	Dec. 31, 2007
Outstanding invoices	517	–412	–80	320	345
Personnel accruals	2,130	–1,558	–480	1,453	1,545
Warranties	462	0	–328	0	134
Travel costs	0	0	0	20	20
Other provisions	302	–204	–54	248	292
	3,411	–2,174	–942	2,041	2,336

Provisions are recognized when the amount or date of outflow of resources embodying economic benefits of a present obligation to a third party is uncertain, but the amount can be reliably estimated.

The provision for warranties relates to an estimate of total costs incurred upon possible entry of the warranty.

Personnel accruals include annual bonuses and vacation not yet taken. Other provisions are recognized for present obligations (legal or constructive) arising from past events that will probably give rise to a future outflow of resources embodying economic benefits to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. The provisions are recognized at the expected settlement date taking into account all recognizable risks and are not offset against recourse claims. The best estimate of the settlement amount is assumed to be that amount most likely to occur.

As of December 31, 2007, all provisions have been classified as current, since their respective use is expected to occur within one financial year.

23. Pension provisions

The Company granted certain vested direct pension benefits. The amount of pension benefits is based on salary and length of service. The amount of vested benefits is adjusted annually in accordance with IAS 19 (Employee Benefits), provided the premises of the calculation used in the past changed in the current financial year. The pension obligations under the projected unit credit method were calculated using the following assumptions:

	2007	2006
Biometric probabilities	MT 2005 G Dr. Heubeck	MT 2005 G Dr. Heubeck
Discount rate	5.50 %	4.50 %
Inflation rate	1.75 %	1.75 %

Accordingly, the present value of the pension benefits of expected future payments required to settle the obligation resulting from employee service in the respective periods results in the present value of the defined benefit obligation (DBO) as of the balance sheet date.

The development of pension costs for 2006 and 2007 is as follows:

€ thousands	2007	2006
Current service cost	12	10
Interest cost	40	40
Pension cost as at Dec. 31	**52**	**50**

The pension obligations developed as follows during the reporting and previous year:

€ thousands	2007	2006
Present value of the obligation (DBO) as at Jan. 1	892	770
Current service cost	12	10
Interest cost	40	40
Actuarial gains/losses	–121	79
Pension payments	–7	–7
Present value of the obligation (DBO) as at Dec. 31	**816**	**892**

The actuarial gains and losses are reported as incurred and recognized directly in equity. In the reporting year an amount of TEUR –121 (prior year: TEUR 79) was recognized in this manner.

The fair value of plan assets is carried at the cash surrender value. The reported values of the insurance policies are as follows:

€ thousands	2007	2006
Fair value of plan assets at Jan. 1	90	84
Actual return on plan assets	6	6
Fair value of plan assets at Dec. 31	**96**	**90**

Because of the development of the balance, the following experience adjustments were made as of December 31, 2007:

€ thousands	2007	2006
Present value of the obligation (DBO) at Dec. 31	932	892
Fair value of the plan assets at Dec. 31	96	90

In 2007, plenum AG paid an amount of TEUR 101 (2006: TEUR 72) for a defined contribution plan via a provident fund.

24. Stockholders' equity

plenum AG conducted a capital increase on June 28, 2007; whereby 2,180,000 new shares with a face value of EUR 1 per share were issued. The number of shares in circulation developed as follows in 2007:

	in thousands
Balance at Jan. 1, 2007	9,577
Capital increase on June 28, 2007	2,180
Balance at Dec. 31, 2007	**11,757**

As of the beginning and end of the financial year, capital stock, capital authorized for issue and conditional capital were broken down as follows:

€ thousands	2007	2006
Capital stock	11,757	9,577
Capital authorized for issue	4,789	4,789
Conditional capital	235	957
Conditional capital II	3,832	3,832
Conditional capital III	722	0

The fully paid-in capital stock of plenum AG is divided into 11.757.068 bearer shares as of December 31, 2007.

According to the stockholders' meeting resolution dated July 5, 2007, capital authorized for issue was established in the amount of EUR 4,788,534, which replaced the previous authorized capital and expires July 2, 2011. The Management Board of plenum AG is authorized, with the approval of the Supervisory Board, to increase capital stock up to EUR 4,788,534 by one or more issuances of up to 4,788,534 bearer shares against cash and/or contribution in kind up to July 4, 2012. The new shares shall be offered pre-emptively to the stockholders. The Management Board however is authorized, with the approval of the Supervisory Board, to exclude the stockholders' option rights in certain cases.

According to a stockholders' meeting resolution dated July 5, 2007, the conditional capital I was reduced from EUR 957,000 to EUR 235,000, because, based on the conditional capital increase resolved at the stockholders' meeting on June 14, 2002, which exclusively served the purpose of satisfying the exercised option rights (regarding the Stock Option Plan see Note 27 Stock-based Compensation), it is no longer required for the assurance or coverage of options in the amount of EUR 722,000 (as of the date of the stockholders' meeting on June 5, 2007).

At the same time new conditional capital of EUR 722,000 was established (conditional capital III). By stockholders' resolution dated July 5, 2007, the Management Board is authorized, with the approval of the Supervisory Board, to issue 722,000 option rights up to 722,000 bearer no-par value shares of plenum AG until June 4, 2012. The conditional capital III serves exclusively to settle option rights (2007 Stock Option Plan). Option rights to the stockholders do not exist. Regarding the issuance of stock options to members of the Management Board is subject to the sole authorization by the Supervisory Board.

According to a stockholders' meeting resolution dated July 3, 2006, the conditional capital II was established in the amount EUR 3,831,534 in the event that the issuance of 3,831,534 new bearer shares occurs. The conditional capital II serves to grant rights to the holders of the options, convertible participating shares, option bonds and convertible bonds.

The Company was authorized until December 31, 2007 to acquire a share in capital stock of a maximum of 10 % of issued shares. The acquisition of shares may be conducted directly via the stock exchange by way of a public purchase bid or within the scope of an off-the-board portfolio acquisition. The acquired stock may be resold, redeemed or applied as compensation for contribution in kind or within the scope of a stock option plan until December 31, 2007. Authorization for acquisition was not extended beyond December 31, 2007.

As of December 31, 2007, plenum continued to own treasury stock of 16,790 own shares, which were acquired in 2001 at a total price of TEUR 83 and offset directly to stockholders' equity. In 2007, no treasury stock was acquired, applied or redeemed.

In 2005 option rights were issued to the employees of plenum AG and employees of affiliated companies as of the entitlement date of June 14, 2005 (see related explanations under note 27). The capital reserves increased by TEUR 74 for the amount of personnel costs reported for 2007 and in the cumulative amount of TEUR 73 for the prior years.

The capital reserves as of the balance sheet date amount to TEUR 14,464 (12/31/2006: TEUR 14,224). This includes the amount that will exceed the arithmetic value upon issuance of shares. The amount of transaction costs recognized as a deduction to equity amounted to TEUR 229 (gross) in 2007. After taking into account the income tax effect, this amounted to TEUR 139.

E. Other Disclosures to the Consolidated Income Statement, Balance Sheet and Cash Flow Statement

25. Costs of purchased merchandise and services

The costs for purchased merchandise and services for the financial year 2007 amounted to TEUR 5,650 (2006: TEUR 7,470).

26. Personnel expenses

The break down of personnel expenses is as follows:

€ thousands	2007	2006
Wages and salaries	11,085	13,144
Social security costs	1,390	1,696
Expenses for pension benefits	107	151
	12,582	14,991

In 2007 the company employed an average of 157 (2006: 190) persons. The personnel expenses per employee totaled TEUR 80 (2006: TEUR 79).

27. Stock-based compensation

For the plenum AG stock option plan, the stockholders' meeting of June 14, 2002 authorized the Management Board, based on approval of the Supervisory Board, to grant single or multiple option rights (maximum of 957,000 granted options) of the capital stock of plenum AG within the stock option plan to company employees and management members as well as employees of affiliated companies of plenum AG pursuant to Article 15 et seq. AktG. For the same period, the Supervisory Board was authorized to grant single or multiple option rights on capital stock of plenum AG to members of the Management Board of plenum AG.

The exercise price of option rights is calculated based on the closing stock price of plenum AG at the grant date plus a surcharge of 15%. Up to 50% of the respective option rights granted may first be exercised after expiration of the statutory minimum waiting period of 2 years after being granted. The other 50% of the respective option rights granted may first be exercised after expiration of a waiting period of 3 years after being granted. The option rights have a maximum term of 5 years. After expiration of the exercise period, the option rights are forfeited without compensation.

According to the stockholders' meeting of July 5, 2007, the Management Board is authorized, with the approval of the Supervisory Board, to issue 722,000 option rights according to the conditions of the 2007 Stock Option Plan until June 4, 2012. Correspondingly, the total volume is allocated to the members of the Management Board of plenum AG (up to 40%), senior management (up to 10%), selected key executives and managers (up to 50%) from affiliated companies as defined within the meaning of § 15 AktG. The exercise price is based on an arithmetic formula of the established closing rate on the 20 trading days before the date of issuance. Exercise of the options is linked to company performance that is met when a pre-determined closing rate based on an arithmetic mean value is reached within a period of 20 consecutive trading days after the date of issuance and exceeds the exercise price by 20%. The option rights can be exercised for the first time after a waiting period of 2 years after being granted. The option rights have a maximum term of 5 years. After expiration of the exercise period, the option rights are forfeited without compensation.

Stock-based compensation granted on or before November 7, 2002 as well as after November 7, 2002, but that has become non-forfeited before January 1, 2005, is not required to be shown according to IFRS 2 (Share-based Payment) for first-time adopters pursuant to IFRS 1 (First Adoption of International Accounting Standards). plenum has selected this election.

Regarding option rights granted before November 7, 2002, the election under IFRS 1 (First Adoption of International Accounting Standards) has been applied and the accounting principles of APB Opinion 25 (Accounting for Stock Issued to Employees) and related interpretations have continued to be applied. The intrinsic value is assumed for the stock options. In accordance with the stipulations of the stock option plan, personnel expense is not incurred.

According to the treasury stock method, the stock options issued from 2000 to 2002 did not have diluting effects on earnings per share, because the average fair value of the share was below the exercise price of the option.

In 2007, a total of 563,000 new option rights were issued to employees of plenum AG and employees of affiliated companies. Thereof, 288,000 options related to the Management Board of plenum AG and 275,000 options to management.

The option rights issued in 2007 and existing from prior years are subject to the accounting principles of IFRS 2 (Share-based Payment). The personnel expenses incurred for 2007 amounted to TEUR 61 (prior year: TEUR 47).

	Number of options	Average exercise price (€)
Jan. 1, 2006	**551,900**	**4,50**
Granted	0	0,00
Exercised	0	0,00
Cancelled due to expiration or exit	−316,900	6,87
Dec. 31, 2006 / Jan. 1, 2007	**235,000**	**1,31**
Granted	563,000	1,18
Exercised	0	0,00
Cancelled due to expiration or exit	−19,000	1,31
Dec. 31, 2007	**779,000**	**1,22**

As of December 31, 2007, there were no exercisable options.

As of December 31, 2007, outstanding stock options had an exercise price of EUR 1.22. The average remaining term is 2.5 years (12/31/2006: 3.4 years).

28. Contingent liabilities and other financial commitments

Contingent liabilities and other financial commitments are stated at nominal values. As of the balance sheet date, obligations for guarantees amounted to TEUR 131 (Dec. 31, 2006: TEUR 450).

Commitments for rent and leasing agreements as of the balance sheet date amount to:

€ thousands	Dec. 31, 2007
2008	979
2009	387
2010	127
2011	16
after 2011	8
	1,517

The expenses for rent and lease agreements amount to TEUR 966 in 2007 (2006: TEUR 1,414).

29. Pending litigation and other risks

There remained to be no known risks for pending litigation as of the end of the financial year.

30. Additional information concerning financial instruments

This section provides a comprehensive overview of the importance of financial instruments for plenum and supplies additional information about balance sheet positions containing financial instruments.

The overview below illustrates the net carrying values of all types of financial assets and liabilities:

€ thousands	Dec. 31, 2007	Dec. 31, 2006
Financial assets		
Liquid funds / securities	4,449	3,581
Financial assets available-for-sale	0	0
Financial assets held-to-maturity	1,258	1,207
Loans and receivables	7,045	6,673
	12,752	11,461
Financial liabilities at amortized cost	2,215	1,845

The table below presents the fair values and net carrying values of financial assets and liabilities that are measured at cost or amortized cost:

€ thousands	Dec. 31, 2007 Fair value	Dec. 31, 2007 Carrying value	Dec. 31, 2006 Fair value	Dec. 31, 2006 Carrying value
Financial assets measured at cost or at amortized cost				
Liquid funds / securities	3,939	3,939	2,922	2,922
Trade accounts receivable	4,512	4,512	4,138	4,138
Other non-derivative financial assets	1,875	1,875	1,804	1,804
Financial liabilities measured at cost or at amortized cost				
Trade accounts payable	1,222	1,222	814	814
Advance payments	469	469	197	197
Other non-derivative financial liabilities	524	524	834	834

The fair value of cash and cash equivalents (liquid funds / securities), of current receivables, of trade accounts payable, of advance payments and of other non-derivative financial assets and liabilities correspond to the carrying value. This is primarily due to the short term nature of such instruments.
plenum measures non-current fixed and variable interest-bearing receivables on the basis of various parameters, such as, interest rates, specific country risks, individual credit-rating of the customer or debtor and the risk structure of the financing business. Based on this measurement, the Company established valuation allowances for the expected default of receivables. Accordingly, the book values of these receivables less the valuation allowances almost reflect their fair values as of the December 31, 2007 and 2006, respectively.

The fair value of the liabilities due to banks and other non-current financial liabilities is determined by plenum by discounting the expected future cash flows with interest rates of similar financial liabilities with comparable residual terms.

The fair values of the financial assets and liabilities are presented in the table below:

€ thousands	Dec. 31, 2007	Dec. 31, 2006
Financial assets measured at fair value	658	731
Financial assets available-for-sale	510	659
Financial liabilities measured at fair value	0	0

Regarding the financial assets available-for-sale, plenum establishes the fair value to be the rate in an active market, if present. In certain cases, the Company determines the fair value by applying a valuation procedure.

The net gains or losses from financial instruments are presented below:

€ thousands	2007	2006
Financial assets available-for-sale	10	0
Loans and receivables	10	–51
Financial liabilities measured at amortized cost	0	0

Net gains or losses from financial assets available-for-sale comprise value reductions and gains or losses from derecognition. Regarding the amount of unrealized gains and losses from financial assets available-for-sale that were directly recognized in equity and the amount withdrawn from equity and recognized to the income statement, refer to the disclosures for income and expenses recognized directly in equity.

Net gains and losses from loans and receivables include changes in the write-downs, gains and losses from derecognition and cash receipts and reversal to original amounts for loans and receivables previously written-down.

Net gains and losses from financial liabilities at amortized cost comprise of gains or losses from derecognition.

plenum does not apply derivative financial statements as part of its risk management.

Financial risk management

Financial market risks

Due to the concentration of business activities within the euro zone, plenum is not subject to any material exchange rate risks or any material interest rate fluctuation risks. Market price fluctuations do not impact plenum AG's cash flow or profit situation.

For purposes of optimizing the allocation of financial resources within the Group and to assure the highest possible return, plenum identifies, analyzes and monitors the related financial market risks with foresight. The Company's first priority is to monitor these risks as part of the current business and financial activities. The use of derivative financial instruments has not yet been necessary.

The management of financial market risks is the responsibility of the Management Board of plenum AG. This section of the entire risk management system is the responsibility of the Chairman of the Management Board. Within the framework of ordinary financial management, marketable financial instruments are applied such as money accounts and money market funds.

plenum AG implemented a system based on a sensitivity analysis which it chose from an array of methods for risk analysis and risk management. According to this method, single business units are identified and the risks quantified that can be realized within the given assumptions if certain parameters change to a certain extent. The risk estimation assumes a simultaneous, parallel revaluation of the euro of 10% versus all foreign currencies and a parallel shift in the interest rate curve of all currencies by 100 base points or 1%. The potential economic effects therefrom are presented in the speculations. This is based on the assumption that unfavorable market changes will occur as assumed in the sensitivity analysis. The actual effects on the consolidated income statement could differ from the actual market development incurred.

The Group's assets existing in connection with pension plans are not a part of the following qualitative and quantitative disclosures.

Stock rate risk

The plenum portfolio does not comprise investments in listed companies. In so far, price risks for the value of the investment portfolio do not arise.

Foreign currency risk

Transaction risks and foreign currency management

Based on the Company's alignment, it is exposed only to very limited exchange rate risks as part of the ordinary business activities.
Exchange rate fluctuations could lead to undesired volatility in the earnings and cash flows. plenum is exposed to risks in connection with foreign exchange rate fluctuations when transactions are concluded with international contractual partners and future cash flows arise therefrom that are not in the respective functional currency (which is the respective country currency). The Company counters the risk by invoicing the business transactions (sales and purchases of services and investing and financing activities) primarily in the respective functional currency. Moreover, the exchange rate risk is offset in part by the rendering of services in the corresponding foreign currency and other service contributions along the value added chain.
The operative units are not permitted to enter into financial funds in foreign currencies for speculative reasons. The monitoring of financial assets and liabilities in foreign currencies is performed centrally by the parent company. Inter-company financing and investments are concluded in the euro currency.

plenum determines foreign currency sensitivity by means of aggregating the net currency position of the operating business and the cash and cash equivalents. Accordingly, the foreign currency risk is calculated in a simulation of a 10 percent write-down of all foreign currencies against the euro. This simulated write-down would have led to a reduction in the euro-equivalent future cash receipts by TEUR 81 as of December 31, 2007. In the prior year, a reduction of TEUR 87 would have been incurred. This reduction in future cash flows in euro-equivalent amounts would reduce the sales proceeds, but at the same time, would also reduce the payments for external services purchased. A revaluation of the euro against all other currencies would have adverse financial effects for plenum, because the inflow of foreign currencies would exceed the foreign currency payments. For this reason, future exchange rate fluctuations could affect the price for services and lead to changes in the profit margin. The extent of the changes is mainly dependent on the extent by which the foreign currency sales would be offset by expenditures in the respective foreign currency.
According to plenum's definition, the exchange rate risk on balance sheet positions would arise from balance sheet positions and pending transactions in foreign currencies as well as from all cash inflows and outflows in foreign currencies that would arise from anticipated transactions over the next three months. Consequently, plenum observes the foreign currency risks that would arise from the perspective of the entire business group versus all foreign currencies.
The table below depicts the transaction-based net foreign currency risk from balance sheet positions by individual foreign exchange rates as of December 31, 2007 and 2006, respectively. The volume on the sales and expenditures side is netted in the subsequent overview:

December 31, 2007

€ thousands	USD	AED	Others	Total
Foreign currency risk from balance sheet positions	210	599	0	809
of which for liquid funds/securities	106	380	0	486
of which for other financial assets	104	226	0	330
of which for financial liabilities	0	−7	0	−7
Foreign currency risk from pending and anticipated transactions	0	0	0	0
Transaction-based foreign currency positions	210	599	0	809
Change in future cash flows based on a 10% revaluation of the euro	−21	−60	0	−81

December 31, 2006

€ thousands	USD	AED	Others	Total
Foreign currency risk from balance sheet positions	30	822	21	873
of which for liquid funds/securities	30	0	0	30
of which for other financial assets	0	822	21	843
of which for financial liabilities	0	0	0	0
Foreign currency risk from pending and anticipated transactions	0	0	0	0
Transaction-based foreign currency positions	30	822	21	873
Change in future cash flows based on a 10% revaluation of the euro	−3	−82	−2	−87

Effects from translation-based foreign currency risks

Within the plenum Group there is one unit – plenum FZ-LLC, Dubai – that is not in the euro zone. Since plenum's reporting currency is the euro, the company provides its financial statements in the euro for inclusion in the consolidated financial statements. For purposes of taking into account translation-based foreign currency risks in risk management, the work hypothesis applies in which investments in foreign companies are generally conducted for a duration and the earnings are continually reinvested. Where plenum sells a certain asset or a certain company, the effects therefrom are included in the sensitivity analysis of the transaction-based foreign currency risk. Translation-based effects incurred when the value of the net asset position translated into the euro changes due to exchange rate fluctuation are recognized by plenum in equity in the consolidated financial statements.

Interest rate risk

Since the Group does not have any material interest-bearing financial liabilities, plenum's interest rate risk is limited to interest-bearing accounts and non-current loans. Accordingly, the Group interest rate risk is monitored with the aim of optimizing interest income and interest expense. Where country-specific regulations are not contrary, all companies

of the plenum Group are provided with necessary financial funds in the form of centralized intercompany clearing accounts. plenum applies the same principle for deposits from cash and cash equivalents generated from the units. Depending on whether the corresponding instrument is subject to a fixed or variable interest rate, plenum measures the interest rate risk either on the basis of a fair value or a cash flow sensitivity analysis. In order to determine the total risk from the fair value and the cash flow sensitivity analyses, the Company aggregates the sensitivity figures. Depending on whether plenum has a cash surplus on the investment or issuance side, the interest rate risk could lead to a raising or sinking of the interest rates on the market.
In calculating the fair value sensitivity of fixed interest instruments, the change in the fair value, which is defined as the present value, is simulated by a parallel shift of the interest curve by 100 base points. The first calculation step takes the gross payment flows with the interest curve and discounted with congruent term interest rates: this means that the present value of future interest and repayment flows of the fixed interest instrument are depicted. In the second step, the gross payment flows with the 100 base point parallel-shifted interest curve is discounted. The acknowledged and published interest curves as of the respective balance sheet dates are applied in the calculation. As of December 31, 2007, the risk based on an assumed rise in the interest rate by 100 base points amounted to TEUR 46. As of December 31, 2006, this fair value interest rate risk totaled TEUR 48, which also arises from an assumed rise in the interest rate by 100 base points.

Regarding variable interest rate instruments, plenum measures the interest rate risk with the assistance of a cash flow sensitivity analysis, which is also based on an assumed parallel shift of the interest curve by 100 base points.

Liquidity risk

A liquidity risk exists for the Company in that it may not be able to meet its financial obligations, such as in the payment of purchase obligations. plenum limits this risk by means of effective net working capital and cautious liquidity management, which includes maintaining adequate reserves in liquid funds and marketable securities.
Supplementary to the above stated instruments, plenum constantly observes financing possibilities offered on the financial markets for its respective needs. In addition, plenum observes developments in respect of availability and costs. Based on the dynamics of the business environment in which the group operates, a significant objective is to maintain the necessary flexibility in financing, in which sufficient unused credit risks exist and unreasonable refinancing risks are restricted.
The table below illustrates all contractual, fixed payments for principal retirements, repayments and interest from financial obligations accounted for as of December 31, 2007. Accordingly, obligations are shown as undiscounted cash outflows. The cash outflows from financial obligations without fixed amounts or terms, including interest, are based on conditions present as of December 31, 2007.

December 31, 2007

€ thousands	less than 3 months	less than 12 months	Total
Non-derivative financial liabilities	2,213	2	2,215
Trade accounts payable	1,222	0	1,222
Advance payments received	469	0	469
Income tax liabilities	0	2	2
Other financial liabilities	522	0	522
Derivative financial liabilities	0	0	0

Credit risk

Because of its extensive project business, the Company is exposed to certain credit risks. A credit risk is the unexpected loss in cash equivalents or income. This occurs when the customer is not able to meet its obligations upon maturity, when assets deemed as collateral lose their value or when projects in which plenum has invested are not successful. The effective monitoring and detection of credit risks is a core competency of our risk management. For this reason, plenum conducts credit checks for all customers requiring credit that extend beyond specific, centrally established limits. Transaction guidelines are available to assure that projects with major customers can only be initiated if the customer has demonstrated an appropriate payment history in the past. The Group has business policies limiting the credit risk to a specific amount with respect to individual financial institutions.

An estimation arises from the centrally, combined data of operations and the monitoring of customer risk, that can be used as a basis for determining the individual valuation allowance for default risks. Furthermore, plenum can also use individual estimations to take into account particular current development and qualitative information.

Regarding financial assets, their net carrying values limit the maximum credit risk, without taking collateral into consideration. A significant concentration of possible credit risks do not exist within the Group as of December 31, 2007.

The maximum risk potential as of December 31, 2007 is presented below as follows:

December 31, 2007

€ thousands	Non-impaired assets	Impaired assets, gross	individual impairment	Net carrying value
Financial assets available-for-sale	510	13,870	13,870	510
Financial assets held-to-maturity	1,257	0	0	1,257
Loans and receivables	6,907	257	119	7,045

Regarding trade accounts receivable and claims within the other financial assets line item that are neither impaired nor overdue, there are no indications for payment default as of the December 31, 2007.

The following table demonstrates the classification of financial assets that are either overdue or impaired as of December 31, 2007:

December 31, 2007

€ thousands	overdue since < 90 days	> 90 days < 180 days	> 180 days < 1 year	> 1 year	Net carrying value of impaired assets	Individual impairment	Collateral held and other credit improvements
Financial assets available-for-sale / stock				13,870	0	13,870	n/a
Trade accounts receivable	0	123	56	79	138	119	n/a

31. Consolidated cash flow statement

The consolidated cash flow statement is classified by the Group‘s cash flows from operating, investing and financing activities. Cash and cash equivalents include only such liquid funds with an original maturity of less than three months. Changes to the group of consolidated companies are eliminated in the respective classification positions. The consolidated cash flow statement includes non-cash increases to financial assets and loans in the amount of TEUR 59 (2006: TEUR 6) and non-cash increases to capital reserves of TEUR 74 (2006: TEUR 47).

32. Segment information

plenum Management Consulting GmbH contributed its plant operations in Leinfelden, namely the implementation and software development business, to NovaTec – Ingenieure für neue Informationstechnologien GmbH (NovaTec GmbH), Waldenbuch, effective as of the year end 2006. Following the transfer of the implementation and software development business to NovaTec GmbH at the end of the previous year, plenum AG distinguishes the business units in segment reporting by classification into the segments: Consulting (renders consulting services for strategy development, efficiency boosts and new organization of IT Management) and Communications (renders complex services for integrated communications – both online and offline). The Consulting segment comprises: plenum Management Consulting GmbH and in:sight customer information management GmbH (formerly: Customer Care GmbH), which was formed in February 2007 for consulting business, and plenum FZ-LLC Dubai for the international business. The Communications business comprises: DOM Digital Online Media GmbH and plenum stoll & fischbach GmbH (until the date of deconsolidation on September 30, 2007).

As a result of the exit from the implementation business, the corresponding figures for the implementation segment do not apply in 2007.
The effects arising from consolidation transactions and the figures from non-operating segments are shown in the reconciliation column (TEUR 1,772). The amount comprises of costs for plenum AG that are not recharged to the affiliated companies. The liquid funds from the cash pools across the Group are included in the reconciliation column under “assets” in the amount of TEUR 3,368 (12/31/2006: TEUR 2,885).
The Group‘s customer structure did not result in any major concentration in any given geographic region. Revenues of 12.4 % were generated from one major customer in the Implementation segment in 2006.

The segment figures are reconciled to the Group figures as follows:

€ thousands		Segments	Reconciliation	Group
Gross sales revenues	**CY**	**23,641**	**0**	**0**
	PY	*27,840*	*0*	*0*
Intercompany sales [1]	CY	1,239	0	0
	PY	*1,301*	*0*	*0*
Net sales revenues	**CY**	**22,402**	**0**	**22,402**
	PY	*26,539*	*0*	*26,539*
Depreciation and amortization	**CY**	–310	**–95**	**–405**
	PY	–401	*–152*	*–553*
Other segment costs	CY	–20,042	–1,772	–21,814
	PY	–25,026	*–1,841*	*–26,867*
Earnings before interest and taxes (EBIT)	**CY**	**2,050**	**–1,867**	**183**
	PY	*1,112*	*–1,993*	*–881*
Segment assets	**CY**	**7,256**	**6,010**	**13,266**
	PY	*6,813*	*4,482*	*11,295*
Segment liabilities	**CY**	**–5,830**	**420**	**–5,410**
	PY	*–5,383*	*–872*	*–6,255*
Segment investments	**CY**	**194**	**56**	**250**
	PY	*232*	*3*	*235*

CY = current year; PY = prior year
[1] Sales between segments

33. Related party transactions

€ thousands	Liabilities arising from services used Dec. 31, 2007	Dec. 31, 2006	Expenses incurred for services used 2007	2006
Informatik Consulting Bauer GmbH, Moos	7	6	92	134
KomPuls GmbH, Eltville	−50	29	323	307
Dr. Wolfgang Händel	0	0	0	6
Norbert Rohrig	0	0	230	0
	−43	**35**	**645**	**447**

plenum AG maintains business relations with Informatik Consulting Bauer GmbH, Moos. The sole shareholder and managing director of Informatik Consulting Bauer GmbH is Michael Bauer, the Chairman of the Supervisory Board of plenum AG. Informatik Consulting Bauer GmbH presents public and inhouse seminars, solicits seminar projects and consults on seminar concepts and advertising.

plenum AG maintains business relations with KomPuls GmbH, Eltville. The managing shareholder is Christiane Skubch-Janssen, the wife of the Chairman of the Management Board. KomPuls GmbH renders event management for plenum in the form of future and expert forums, management briefings and trend days with potentially new customers or existing customers. Income generated from these events flow directly to plenum AG (TEUR 229 in 2007).

plenum AG maintains business relations with Dr. Wolfgang Händel and with Norbert Rohrig (since 2007), both are members of the Supervisory Board of plenum AG. Dr. Händel renders consulting services as part of M&A transactions. Mr. Rohrig has been active as a Senior Management Partner in acquisitions and consulting projects for the clients of plenum AG.

Services rendered to related parties are normally based on actual costs plus an appropriate profit mark-up. Services are based on the same prices that would be charged to third parties.

With the approval of the Supervisory Board on October 9, 2002, plenum AG granted a loan on October 10, 2002 to Hartmut Skubch, Chairman of the Management Board of plenum AG, in the amount of TEUR 400. The loan is subject to an interest rate of 5 % p.a. due upon maturity and had an original term of three years. With the approval of the Supervisory Board on November 25, 2002, plenum AG granted Mr. Skubch another loan on December 6, 2002 in the amount of TEUR 600. This loan is also subject to a 5% interest rate and had an original term of four years. With the approval of the Supervisory Board on August 27, 2007, both loans have been extended until December 31, 2008. Since the interest due on maturity is not accrued, the effective interest rate is 4.11% in 2007. The loans including capitalized interest are secured by a personal guarantee from the Chairman of the Supervisory Board, Michael Bauer (TEUR 1,100), and by another guarantee.

34. Auditor fees

The fees recorded as expenses for Deloitte & Touche Wirtschaftprüfungsgesllschaft mbH, Frankfurt am Main, for the financial year comprise of the following services:

€ thousands	2007	2006
Year end audit	90	90
Tax consulting services	56	57
Other services	33	16
	179	163

The fees for the year end audit relate to the audit of the separate and consolidated financial statements of plenum AG and the financial statements for the short period of plenum stoll & fischbach GmbH up through its disposal. The other consolidated subsidiaries of plenum AG are exempt from the audit requirement pursuant to Article 264 (3) HGB and are audited only as part of the consolidated financial statements.

35. Important events after the balance sheet date

Important events occurring after the balance sheet date did not arise.

36. Corporate Governance

On November 26, 2007, the Management Board and the Supervisory Board submitted a Declaration of Conformity to the recommendations of the regulatory commission for the German Corporate Governance Code pursuant to Article 161 of the German Stock Corporation Act (AktG) and made this declaration available to the stockholders via the Internet homepage. The Boards declared that they have followed the Code to a major extent and will continue to do so in the future.

37. Executive bodies and management remuneration

The shares held and stock option rights of the executive bodies of plenum AG are presented in the section below:

Shares held by the Management Board Number of shares	Hartmut Skubch	Klaus Gröne	Michael Rohde	Total
Jan. 1, 2007	1,891,253	20,453	0	1,911,706
Dec. 31, 2007	1,891,253	20,453	6,700	1,918,406

Management Board remuneration

Total remuneration (cash compensation, monetary benefits and insurance) granted by plenum AG to the members of the Management Board for the financial year 2007 amounted to TEUR 1,354 (2006: TEUR 1,319). In 2007, TEUR 231 (2006: TEUR 128) related to variable remuneration.

Remuneration of the Management Board in 2007 and 2006 are broken down as follows:

€ thousands	2007	2006
Fixed compensation	1,010	1,071
Variable component	231	128
Benefits in kind	25	38
Pensions		
current service cost	12	10
contributions to the provident fund	76	72
Remuneration for the financial year	1,354	1,319

Stock options of the Management Board Number of shares	Hartmut Skubch	Klaus Gröne	Michael Rohde	Total
Jan. 1, 2007	0	0	0	0
Newly issued in 2007	118,000	80,000	90,000	288,000
Dec. 31, 2007	118,000	80,000	90,000	288,000

Effective August 3, 2007 (date of issuance), the Company granted a total of 275,000 options as part of the 2007 Stock Option Plan to entitled option holders of plenum AG and its affiliated companies pursuant to §§ 15 et seq. AktG. Furthermore, according to a resolution passed by the Supervisory Board, 288,000 options were issued to members of the Management Board.

At the stockholders' meeting on July 3, 2006, it was resolved to waive an individual listing of remuneration of the Management Board.

38. Shares held by the Supervisory Board Number of shares	Michael Bauer*	Dr. Wolfgang Händel	Norbert Rohrig	Total
Jan. 1, 2007	370,360	1,000	700	372,060
Dec. 31, 2007	370,360	17,750	34,200	422,310

* shares held indireclty until July 2007

The Supervisory Board received remuneration of TEUR 38 for the financial year (2006: TEUR 38).

39. Members of the Management Board

Name	Area of responsibility
Hartmut Skubch (Chairman)	Business Strategy and Corporate Governance, Finance, Controlling, M&A, Marketing and Investor Relations
Klaus Gröne	Delivery, Human Resource Management, Corporate Services
Michael Rohde	Business Management, Sales
Andreas Janssen (until April 30, 2007)	Finance, Administration & Investment Controlling

The executive bodies of plenum AG did not hold mandates in supervisory boards and similar national and international control committees of business enterprises as of December 31, 2007.

40. Members of the Supervisory Board

Name	Area of responsibility	Mandates in Supervisory Boards and similar national and international control committees of business enterprises
Michael Bauer (Chairman)	plenum founder and IT-consultant, managing director of Informatik Consulting Bauer GmbH, Moos	Chairman of the supervisory board of Subito AG, Mörfelden-Walldorf, Chairman of the supervisory board of Advanced Information Systems AG, Würzburg
Dr. Wolfgang Händel	Independent business consultant	Supervisory board of Solutio AG, Munich, Supervisory Board of Space.net AG, Munich, Chairman of the supervisory board of Hermanus AG, Bonn Director of the Board of Newcastle Capital Corporation, Sacramento/CA, USA
Norbert Rohrig	Independent business consultant	Advisory board of EDS Deutschland GmbH, Hamburg

41. Responsibility Statement

We declare that, to the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group management report includes a fair review of the development and performance of the business and position of the Group, together with a description of the principal opportunities and risks associated with the future development of the Group.

Wiesbaden, March 7, 2008

The Management Board

Hartmut Skubch | Klaus Gröne | Michael Rohde

List of Investments

	Investment interest as of Dec. 31, 2007
Affiliated companies	
plenum Management Consulting GmbH, Wiesbaden	100 %
DOM Digital Online Media GmbH, Cologne	100 %
plenum FZ-LLC, Dubai (since Feb. 28, 2007)	100 %
in:sight customer information management GmbH (since Feb. 16, 2007)	51 %
plenum stoll & fischbach GmbH, Herrenberg (until Sept. 30, 2007)	0 %

Auditor’s Report

We have audited the consolidated financial statements prepared by plenum Aktiengesellschaft, Wiesbaden, comprising the balance sheet, the income statement, statement of changes in stockholders‘ equity, cash flow statement, segment report and notes to the consolidated financial statements, together with management report combined together with the parent company‘s Group management report for the business year from January 1, 2007 to December 31, 2007. The preparation of the consolidated financial statements and Group management report in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements of German commercial law pursuant to Article 315a (1) HGB (German Commercial Code) are the responsibility of the management of the Company. Our responsibility is to express an opinion on the consolidated financial statements and Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Article 317 HGB (German Commercial Code) and the 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 German principles of proper accounting and in the management report combined with the parent company‘s 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 management report combined with the parent company‘s 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 managing directors, as well as evaluating the overall presentation of the consolidated financial statements and management report combined with the parent company‘s 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 our audit, the consolidated financial statements of plenum Aktiengesellschaft, Wiesbaden, comply with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Article 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The management report combined with the parent company‘s 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.

Frankfurt am Main, March 12, 2008

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Kompenhans
Wirtschaftsprüfer
(German Public Accountant)

Ludwig
Wirtschaftsprüfer
(German Public Accountant)

Corporate Calendar

April 29, 2008
Publication of the
Separate and Consolidated
Financial Statements 2007

May 28, 2008
Publication of the Q1
Interim Financial Report 2008

July 3, 2008
Stockholders' Meeting 2008

Aug. 27, 2008
Publication of the Q2
Interim Financial Report 2008

Nov. 10–12, 2008
German Equity Forum,
Frankfurt

Nov. 26, 2008
Publication of the Q3
Interim Financial Report 2008

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