SOFTM
comarch group

ANNUAL REPORT 2009

SoftM in figures

Group (IFRS/IAS Value in € million)	Group 2009	Group 2008	Group 2007
Sales and Revenues	**38.9**	**56.6**	**59.4**
Sales and Revenues per Business Unit			
Standard Software	17.6	20.5	19.1
Consulting	13.7	17.5	17.6
System Integration	7.5	18.6	22.7
EBITDA	-2.4	3.8	3.0
EBIT	-7.1	-2.7	-1.9
EBT	-7.2	-2.9	-2.4
Net profit	-5.8	-4.6	-0.9
Result per Share (in €)	-0.89	-0.93	-0.17
Balance Sheet Total	24.3	35.6	40.8
Capital and Reserves	11.7	17.5	16.5
Investments	1.8	3.2	3.2
Depreciation	4.8	6.4	4.9
Cashflow	2.4	5.1	4.5
Personnel/Staff Costs	23.0	26.1	27.9
Employees – yearly Average	387	417	457

Contents

The SoftM Group

The SoftM group with SoftM Software und Beratung AG, with headquarters and research center located in Munich, is a leading provider of IT solutions to small and medium- sized enterprises. By means of its complete IT solutions, SoftM helps SMEs to optimize their business processes and gain that all-important competitive edge. SoftM was founded in 1973 and today has a team of about 350 employees serving over 3,500 customers in 13 locations throughout Germany, Austria and Switzerland.

SoftM AG has been listed on the Frankfurt Stock Exchange since July 1998. Since November 2008, SoftM AG's majority shareholder has been Comarch S.A., based in Kracow, Poland. Comarch S.A, the parent company, is a global IT business solutions provider with over 3,300 employees in 16 countries worldwide. Founded in 1993 and listed on the Warsaw stock exchange the enterprise pursues a strategy of long-term growth based on self-developed software products. In addition to modern software, Comarch's product range also includes extensive consulting and integration services as well as IT infrastructure solutions and hosting services. Comarch is active in the target markets telecommunications, trade, finances, public administration, IT infrastructure and SMEs as a provider of software and consulting, integration and programming services. SoftM is integrated in the Comarch Group as a provider of IT solutions for small and medium-sized businesses as well as IT infrastructure.

SoftM is active in three business fields:

- The business unit standard software which comprises the development, sale and implementation of integrated commercial standard software.
- The consulting business unit which offers services for introduction and support of the customer's software products.
- System integration, which offers products and services for IT infrastructure

STANDARD SOFTWARE BUSINESS UNIT

The product portfolio in the standard software business unit includes business management software to support the entire value chain of SMEs (sales, CRM, purchasing, inventory management & logistics, production, accounting and controlling).

The fastest-growing product line is Comarch Semiramis. This ERP software, which is completely developed in Java, was designed to be used on the internet (enterprise resource planning = commercial business software). The special features of Comarch Semiramis are as follows: a zero administration client, all of its functions are accessed via internet browser; its simple, award-winning, intuitive design ensures high user acceptance and productivity; and the fact that users are able to work together via the internet beyond office and company boundaries improves supply chain efficiency. With over 350 customer installations, Comarch Semiramis occupies a leading position among the new generation of ERP systems.

Furthermore, the proven ERP solution Comarch SoftM Suite which focuses on a few select target markets - platform: IBM System i; industries: food manufacturers and trade. Customers can rely on a secured release policy which allows long-lasting use of the product. They can also take advantage of the opportunity offered by Comarch Semiramis to change to the open Java world at any time they choose.

The SoftM portfolio has been enhanced by some solutions developed by Comarch: The ERP system Comarch Altum is a flexible solution for SMEs that are especially focused on the trade and services industry. The compact software standard version already has a broad range of applications and meets numerous requirements that would normally require additional solutions. A new solution for customer retention management – iReward24 – is available as software as a service (software for rent via the internet). A modern solution for EDI, the communication between businesses, is also provided as a service. This solution named ECOD is integrated in the own ERP systems.

SoftM has been focusing on accounting solutions for many years. For this reason SoftM also provides separate stand-alone systems for theses areas of application besides ERP solutions that include integrated financial applications. The accounting solution Comarch Sharknex is available as a platform independent system. Furthermore, the accounting systems Comarch DKS and Comarch Schilling, which are compatible with the server system IBM i, will be offered.

The software solutions are directly marketed as well as indirectly via sales partners. Recently, the partner network for Comarch Semiramis has been extended. In addition to distribution and implementation of standard software, a growing number of partners also offers industry specific solutions that they have developed on the basis of Semiramis, for example for the textile and clothing industry, for suppliers, especially in the automotive industry, or the furniture industry.

CONSULTING BUSINESS UNIT

Via a decentralized organization, SoftM provides corresponding services (consulting, adaptation programming, data takeover, etc.) in the consulting sector to introduce the products to the customer. The consultants enact application studies in the run-up of software implementation and support the customers with the adaptation of software as well as release changes. Training and support are further services of the consulting sector.

The subsidiary Comarch Solutions GmbH is active in this sector providing qualified consulting and service work to ensure the successful introduction of software solutions in a decentralized organization with numerous sites in Germany, Austria and Switzerland.

SYSTEM INTEGRATION BUSINESS UNIT

Active in the system integration business unit is the subsidiary Comarch System integration GmbH, a full service provider with a cross-platform product range for the whole spectrum of IT infrastructure – from server and storage systems, peripherals, networks, and system-oriented software to groupware and DMS/ECM systems. The product range includes virtualization and server consolidation solutions, backup solution, high availability solutions, security solutions, as well as e-mail archiving solutions and digital signature solutions. Comarch System Integration therefore embodies the desired general infrastructure expertise that SMEs are looking for.

As full service provider, Comarch System Integration takes full responsibility for the customer's IT infrastructure, from conception and planning to installation and support. SoftM has been IBM's business partner for several years and, as its Premier Business Partner, has the highest IBM partner status. As a Microsoft Gold Partner, SoftM also enjoys the highest possible partner status with Microsoft.

Management and Supervisory Board

MANAGEMENT

Piotr Piatosa
Chairman
(effective June, 2009)

Ludwig Ametsbichler
Finance and Controlling

Ralf Gärtner
Marketing and Communications,
Sales Director south

Jens Göbel
Sales Director north
(effective December, 2009)

SUPERVISORY BOARD

Dr. Hannes Merten
Chairman

Prof. Janusz Filipiak
Vice Chairman
CEO Comarch S.A.
(effective June, 2009)

Konrad Taranski
Member of Management Board Comarch S.A.
(effective June, 2009)

Supervisory Board Report

Dear shareholders,

business year 2009 was the first full business year in which the Polish Comarch Groupwas the new majority shareholder of softM AG. Comarch S.A., with headquarters in Krakau, Poland, acquired through its subsidiary Comarch Software AG, Dresden, the majorities of shares in November 2008. After completion of a mandatory offer to all the other remaining SoftM shareholders Comarch now holds a stake of over 80.89% o in SoftM AG since February 2009. SoftM received a capital increase of € 5.2 million in cash within the framework of the takeover.

Business year 2009 saw intensive cooperation including a considerable strengthening of synergies introduced by the Comarch Group. The "Semiramis" product will now not only be marketed by SoftM Group but by the Comarch Group as well and has been renamed "Comarch Semiramis". Conversely, Comrach products will now be marketed by the SoftM Group. New development of an accounting system designed for Semiramis has begun. Both products are being developed with considerable support of cost efficient development capacities by Comarch in Poland. The renaming of SoftM products in Comarch and Softm participation in Comarch will reflect the strong connection in the market between Comarch and SoftM.

The Supervisory Board in business year 2009 was extensively occupied with the commercial and financial developments and the strategy and planning of the company. It carefully observed the consulting and monitoring functions incumbent on it by law and articles in the reporting period. It regularly advised the Management Board in the running of the company and monitored the management in business year 2009. The Supervisory Board took part in all major decisions, which were of major significance to SoftM AG.

The Management Board reported to the Supervisory Board in a timely fashion and in great detail. At six of eleven Supervisory Board meetings held at the company headquarters in 2009, the Management Board reported to the Supervisory Board regularly regarding strategy and planning, and the economic and financial developments, especially in the important area of business developments. Above and beyond that, the members of the Supervisory Board took part in regular one-on-one discussions with members of the Management Board concerning the actual state of business operations and the most important business transactions. The Supervisory Board approved all the matters which required corresponding approval in the company bylaws pertaining to the Supervisory Board and which were submitted to it by the Management Board. Due to its small size, the Supervisory Board did not form any committees in business year 2009.

SUPERVISORY BOARD MEETINGS/FOCUS ON CONSULTING AND MONITORING

The difficult business climate due to the economic crisis demanded especially intensive efforts on the part of the Supervisory Board in 2009. A total of 11 Supervisory Board meetings were conducted, three of which were telephone conferences. Two decisions were reached per circular letters. All members of the Supervisory board took part in all meetings in 2009.

During the meeting in January 2009 the Supervisory Board agreed to the release and publication of the joint statement of the Management and Supervisory Boards in accordance with §27 para. 1 para. 3 sen. 1, § 14 para. 3 sen. 1 Securities Acquisition Takeover Act pertaining to the mandatory offer of Comarch to the Softm shareholders.


In the Supervisory Board meeting of Feb. 2009 the Supervisory Board agreed to a significant increase of Semiramis R&D capacities to the Comarch headquarters in Warsaw.

The main focus of another meeting of the Supervisory Board in April 2009 was the Annual Accounts of SoftM AG and the Group Consolidated Statement for business year 2008, the joint Board Report for SoftM AG and the Group for 2008. The auditor of the Annual Accounts took part in the meeting and went over the main points of his audit report. Additionally, the agenda and resolutions proposals for the AGM 2009 were topics for this meeting.

Focal point of the meetings in July and November were the cost savings and efficiency increases of the introduced DASD program.

Supervisory Board was informed in detail about product and business development of the products by the management Board.

PERSONALIA

Effective as of March 20, 2009, Mr Ralf Delventhal resigned from his SoftM Supervisory Board post due to the termination of his company position. In his place, Mr. Piotr Piasota was judicially appointed to the Supervisory Board effective as of the 23rd of March. Mr. Piasota is simultaneously a Management Board member of the Comarch S.A., Krakow, Poland. On June 5, 2009 Franz Wiesholler left his post on the Management Board in agreement with the Supervisory Board. On the same day Mr Piatosa resigned from the Supervisory Board effective on that date due to his appointment as Chairman of the Management Board effective a of June 8, 2009. Professor, Dr. Zangl resigned his supervisory Board mandate effective as of June 12, 2009. The AGM of 2009 named Professor Janusz Filipiak and Mr Konrad Taranki for the rest of the Supervisory Board term (that is until the end of the AGM, which would decide the question of Supervisory Board actions for business year 2009). Prof. Filipiak is simultaneously Chairman of the Management Board of the Comarch S.A., Krakow, Poland and Chairman of the Supervisory Board of Cormach AG, Dresden. During the Supervisory Board meeting on June 25, 2009 Dr. Merten was again elected as Chairman of the Supervisory Board and Prof. Filipiak was elected as Deputy chairman of the Supervisory Board.

The Supervisory Board thanks those members leaving the Board for their engaged service in the interests of the company.

CORPORATE GOVERNANCE

The Supervisory Board has observed taken into consideration the changes of the German Corporate Governance Code of June 2009. Management and Supervisory Board have made an up-to-date equivalent declaration in accordance with § 161 Companies Act and made it available to shareholders on the SoftM web site. Additional declarations pertaining to corporate governance in the SoftM Group are to be found in the Corporate Governance Report, a component of the declaration pertaining to business management in accordance with § 289 GCC in the 2009 Annual Report.

THE ANNUAL FINANCIAL REPORT AND CONSOLIDATED GROUP FINANCIAL STATEMENTS AUDIT

The Annual Financial Report of the SoftM AG, in accordance with GCC, and the consolidated Group report, in accordance with IFRS as of

December 31, 2009, as well as the joint Management Board Report of the SoftM AG and the SoftM Group were audited under inclusion of company accounting by the Akanthus GmbH accountancy firm and were provided with an unrestricted audit certificate. The Annual Report documents, The Management Board Report, as well as the accountant's report were presented to all members of the Supervisory Board and discussed in detail with the Management Board and the Certified Public Accountant on the occasion of the balance sheet meeting on March 22, 2010. There were no objections. The Supervisory Board approved the Annual Financial Statements, thus they are on record.

Management Board Report Audit Concerning Relationships to Associated Companies

The majority of the equity capital of SoftM AG has been owned by Comarch since November 18, 2008 and therefore in line with § 5 Companies Act is the controlling company vis-á-vis SoftM AG. The SoftM Management Board is therefore required in line with § 5 Companies Act to prepare a dependency report concerning the relationships of the company to associated companies. The report for business year 2009 contains the following closing statement of the Management Board, "The company receives from all in the report covered relationships to associated companies listed legal transactions and appropriate compensation. Other conditions in line with § 312 para. 3 sen. 3 Companies Act have neither been met nor omitted. This judgment is based on the facts available at the time of the mandatory reporting process."

The auditor has audited the report and given the following unrestricted endorsement.

"In accordance with our obligatory audit we can confirm that

1. the actual statements of the report are correct

2. that in the listed legal transactions the services of the company were not inappropriately high."

The Management Board report and Auditor's report have been made available to the Supervisory Board. An independent audit of the Dependency Report conducted by the Supervisory Board found no basis for objections and therefore concurs with the certificate notation of the auditor.

The Supervisory Board would like to thank the Management Board and all employees for the work done and personal commitment displayed in business year 2009.

Munich March 22, 2010
Supervisory Board Chairman

Dr. Hannes Merten

Management Board Report of the SoftM Group and SoftM Software and Beratung AG

The year 2009 was an eventful year that was characterized, on the one hand, by the merger with the Comarch Group and, on the other hand, by the effects of the economic crisis. The Comarch S.A., Krakow, Poland acquired over 50% of SoftM's equity via its subsidiary Comarch Software AG, Dresden in November 2008. Due to the resulting mandatory offer to the remaining SoftM shareholders, Comarch now owns 80,89% of SoftM shares.

Comarch is an international provider of IT solutions for the optimization of business processes and the management of customer relations. Founded in 1993 the Comarch Group has established a world-wide presence with 3 300 employees in more than 30 locations in 16 countries. Comarch realized corporate revenues of approximately € 170 million and a corporate revenue of about € 8 million in 2008. The enterprise is active in the target markets of telecommunications, trade, financial management, public administration, IT infrastructure and SME (small and medium-sized enterprises) as a provider of software, as well as consulting, integration and programming services. SoftM is incorporated in the Comarch group as a supplier of complete IT solutions for SMEs in the SME and IT infrastructure sectors.

The goals defined by the majority interest, namely the acceleration of development and stronger internationalization, have been furthered to a significant degree in 2009.

Thus, software projects in the ERP, finance and DMS development sector are being supported by newly created Polish software teams. SoftM has new distribution and support structures available in Poland, Czech Republic and Italy. Furthermore, in the Chinese market, activities were launched last fall that have already led to a series of new distribution partnerships in China.

With help of the liquid funds resulting from the capital increase at the end of 2008, the DASD (**D**ecentralization of organization, lean **A**dministration, **S**ales driven organization, **D**evelopment increase) program implemented in the course of the year in order to cut costs, to trim down administration structures and to enhance the development of software in accordance with market needs as well as with additional outside funds, SoftM has managed to overcome the difficult situation resulting from the financial and economic crisis in the business year 2009. A positive EBIT was realized in the fourth quarter.

The three business units software, consulting and system integration have been impacted differently by the economic crisis.

In the **ERP Business Unit** (Enterprise Resource Planning and Financials) SoftM is developing and distributing modern business software for small and medium-sized enterprises.

The market experienced its first downturn in 2009 after strong growth in the previous years. IT market researchers like PAC, Gartner and Experton are expecting significant growth for the coming years. SoftM has at its disposal one of the most modern and multiple prize winning software solutions for its groundbreaking technology and ergonomy. Comarch Semiramis is designed completely object orientated in the Java programming language and can be run on all popular server operating systems: Microsoft Windows, Linux and IBM i, or respectively on the database systems of Oracle, Microsoft SQL Server and IBM DB2/400. In addition to the proven ERP solution Comarch SoftM Suite, which is exclusively employed for the IBM i5/OS and is especially directed at the food and beverage industry, SoftM now has at its disposal Semiramis, a platform neutral ERP II software, which is fundamentally designed as a cross industry solution to meet the demands of various industries.

Comarch Semiramis is both directly marketed by SoftM and a well developed network of distributors. Above and beyond that, SoftM offers these partners the possibility to develop and market their own individual industry solutions based on Comarch Semiramis. The position of Comarch Semiramis as a platform for partner products has been expanded in the current software Release by a new add-on infrastructure. In such a manner, SoftM can continually tap additional branches and, thereby, substantially increase the market penetration for Comarch Semiramis over time.

In addition to the ERP solutions which encompass integrated financial applications, SoftM offers the marketed accounting solution Comarch Sharknex as a separate stand-alone solution, as well as Comarch DKS and Comarch Schilling Accounting which is based on the IBM i operating system. The market research company, PAC, is expecting for Germany, after a temporary downturn in 2009, slow growth in licensing and service revenues in this market segment until the year 2012.

In the **Consulting Business Unit** SoftM offers a decentralized organization with corresponding services (consulting, individual programming, data migration, among others) in order to adapt the products to the customers' needs. The consultants conduct application studies in advance of software introduction and support customers during implementation and adaption of the software, as well as with the Release change. Other services include training courses and support.

In the **Systems Integration Business Unit** SoftM markets products and solutions for the installation and servicing of the complete IT structure. In this unit SoftM considers itself to be a "full service provider" and, due to its own group of system engineers, has extensive competence in the server and storage systems, network technologies, security and high-availability sectors, virtualization, as well as system software. IBM is the main supplier to this unit, other products are procured by SoftM from numerous reputable manufacturers.

DEVELOPMENT OF SALES AND EARNINGS

The business unit standard software showed a decrease in revenues of 14% to € 17.6 million (previous year € 20.5), approximately half due to the trade license sector.

In the consulting business unit revenues fell by 22% to€ 13.7 (previous year 17.5. A small potion of the decrease is attributable to the sale of Group companies. Working hours were reduced in this unit in the middle of 2009.

The third business unit, system integration, experienced a drastic decline in revenues of € 11.1 million to € 7.5 million (previous year 18.6).

Altogether, due to the significant decline in all business units, the SoftM Group experienced a fall in revenues from € 56.6 million in 2008 of € 17.7 million, or respectively 31% to € 38.9.

The operative group result before taxes, interest and amortization, EBITDA in line with IFRS, sank to -2.4 million to € 3.8 million. Correspondingly the Group EBIT showed a loss of € -7.1 million (previous year -2.7), the Group EBT was€ -7.2 million (previous year -2.9). These numbers contain a one-time charge to goodwill of € 2.1 million. The repeated significant loss in business volume in the system integration unit compared to last year contributed to a decrease in result of approx. € 1.4 million. The result was also burdened by extraordinary factors such as restructuring measures connected with a considerable reduction in personnel.

Compared to the previous year the result significantly deteriorated due to the general downturn in economic development. Towards the end of the second quarter of 2009 the DASP Program for cost savings and efficiency increases was implemented. It began to take effect in the third and reached its full potential in the fourth quarter but could not equalize the losses accrued in the first six months.

Group result after taxes and outside holding was € -5.8 million (previous year -4.6). Due to losses brought forward, deferred taxes of € 1.4 million capitalized. There were hardly any actual tax expenditures. Because of a change in the law in 2009, a part of the expired losses brought forward in 2008 are once again available. Only a portion of the deferred taxes for the losses brought forward were capitalized to the amount of the passive deferred taxes.

The result per share amounts to € -0.89 at an average of 6,480,000 shares (previous year 5,002,696) in circulation.

In the annual financial statement of the SoftM AG the annual deficit amounts to € 12 million (previous year- 0.8) in accordance with the German Commercial Code. The major difference in regards to the Group EBT is due for the main part to merger related book losses of € 4.1 million, which are not relevant at the Group level. Due to the negative tax related income no periodical profit expenses had to be paid for the year 2009.

After elimination of the annual deficit with the allocation from the capital reserves of € 12million in accordance with GCC a net profit of € 0.0 million (previous year 0.0) was reported. SoftM capital reserves thereby, sank to € 2.6 million. Additionally, retained earnings to the amount of € 2.6 million remained unchanged. The total book entry own equity for SoftM AG has, therefore, been reduced from € 22,7 million to € 10.7 million.

FINANCIAL CONDITION

In spite of the negative Group result, SoftM was able to post a positive operating cash flow of € 5.1 million (previous year 4.5)in 2009. A significant reduction of working capital as well as depreciation of assets not effecting payment, which amounted to € 4.8 million and were again very high (€6.4).

The investment sector reported a negative balance of to the amount of € 1.8 million (previous year 3.2). For investment in tangible fixed assets € 0.2 million (previous year 0.5) in payments were noted, for investments in intangible fixed assets (capitalized development costs and acquired rights) € 1.6 million (previous year 2.7) were to be financed.

The finance sector was subject to contradictory developments. On the one hand, the Group accrued € 2.0 million from new finance credits, on the other hand, there were payments for redemption of finance credits € 5.6 million (previous year 4.6), including payments for debt financing of the Semiramis investment (€ 2.5 million) and the repatriation of short-term hardware sales financing (€ 2.9million).

Overdraft loans remaining at the end of the year at a volume of € 2.0 million were drawn on to the amount of € 1.2 million. Cash and equivalents on the day of record were at € 0.4 million as opposed to € 2.7 million in the previous year.

The liabilities noted in the annual balance sheet owed to credit institutes which amounted to € 1.5 million (previous year € 5.8 million) include the short term bank credits. Included are the loans taken in short term bank credits including the credits for sales financing (€ 0.3 million) for the system integration sector. The sales financing is executed through the IBM credit bank. Financially speaking these are liabilities from deliveries and services that are obtained from IBM.

Leasing as a financial instrument has been employed for the financing of company vehicles as well as larger IT fixed assets.

FINANCIAL STATUS

The business year 2009 has resulted in changes in the balance sheet numbers. The balance sheet total has declined by 32% to € 24.3 million due to the low business volume as well as unscheduled depreciation of reduced book value of capitalized development performance. Due to the annual loss, own equity has decreased to € 11.7 million (previous year 17.5) due to the recapitalization, the percentage of equity capital on the basis of the balance sheet total decreased from 49.1% to 48.2%.

In addition to own equity, long-term debt capital to the amount of € 1.8 million (previous year € 3.8) is available. Long-term capital is therefore € 13.5 million as opposed to the previous year total of € 20.5 million.

Fixed Assets came to € 17.0 million (previous year 18.8): their share of total assets increased from 52.7% to 70.1%. The total fixed assets of the SoftM Group are therefore 79% covered by long-term equity capital (previous year 108%).

SHARE AND PRICE DEVELOPMENT

SoftM shares showed a downward trend in 2009. At the end 2008 the Xetra share price was € 3.40 and fell to € 1.80 by the end of 2009. On March 12, 2010 the share price was € 1.60.

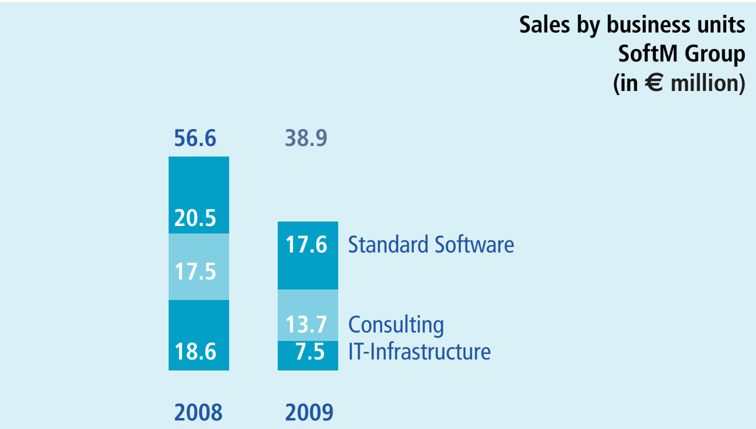
CONSOLIDATED GROUP – ACQUISITIONS

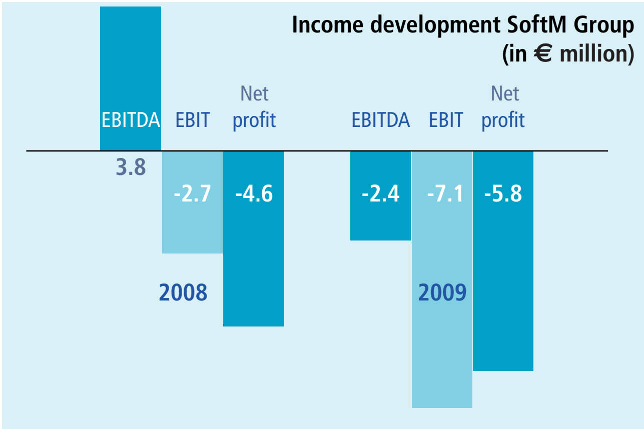
The consolidated Group was considerably changed in 2009. SoftM Software und Beratung Munster GmbH was merged with Comarch Solutions GmbH, The SoftM Schweiz AG with Solitas Informatik AG and the SoftM Solutions GmbH (Tirol) with the Comarch Solutions GmbH (Vienna). In addition, SoftM Semiramis GmbH & Co. KG – together with SoftM Verwaltungs GmbH – was merged with the SoftM AG. The subsidiaries SoftM Czech Republic s.r.o. and SoftM Polska sp. z o. o, as well as the equity interest in d.velop Schweiz AG were sold.

SoftM has not made any acquisitions of businesses in 2009. The SoftM Group has no concrete plans of taking over any other businesses or purchasing any other products at this the time.

RESEARCH AND DEVELOPMENT

Development activity in 2009 was further intensified in 2009 as demonstrated by the DASD program. Thus, in the course of the year, together with the parent company Comarch, an additional develop-





ment team was established in Warsaw, Poland within the framework of a nearshoring concept.

The predominant activity in the area of research and development was the further development, or respectively, new development of java based product lines.

The web-based java software Comarch Semiramis Release 4.5 was released at the end of the first quarter 2009. At the same time developmental work for the Release 5.0, which will be released at the end of March 2010, was approved. The focus of development was in the system engine area. To support the "Semiramis Inside" strategy (Semiramis as a platform for industry solutions by partners) the technological basis was enhanced by a new add-on infrastructure, which will make a simple integration of industry solutions and additional applications possible. Another new, important innovation for Release 5.0 is the increased flexibility of the surface by means of adaptable cockpits for the different application areas and additional display windows, which can also access external information sources, for example, web services. In addition to this, the user interface will be re-designed. An additional focal point for development was the Comarch Semiramis Accounting System, which was newly developed as a completely integrated solution for financial, assets and cost accounting. The first functions of the new accounting system were already unveiled at the CeBIT 2010.

The continuing development of the new Java based financial accounting system Comarch Sharknex, based on a Java based development environment of an external partner, were carried out. Additional functions, among others relating to the international application of the software (for example, versions for Switzerland, Czech Republic) were added.

For the IBM platform system I based products the following developments are to be highlighted:

The ERP product Comarch SoftM Suite received new functions for the food, beverage and retail sectors. New business intelligence functions were integrated and workflow integration was enhanced. The excel interface was expanded. A new interface for the ECOD solution of Comarch in the EDI sector, which allows electronic data exchange with business partners as a service from Comarch, is now available.

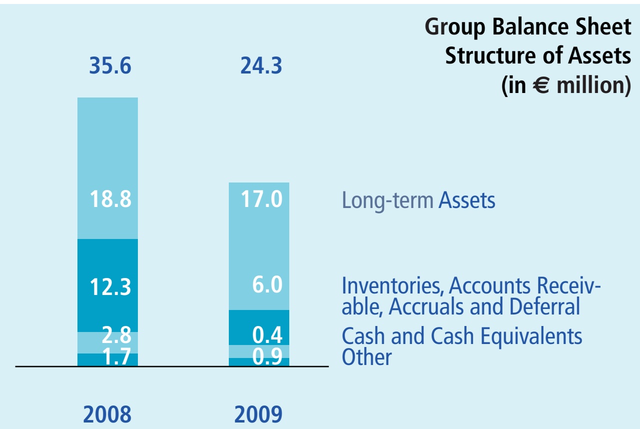
A new release of the Comarch Schilling accounting system was approved in 2009. It incorporates a range of functions, such as SEPA (European payment transactions), debit entries and the administration of accruals and deferrals, i.e. the automatic booking and release of accruals and deferrals. The next release to be approved in May 2010 will, among other things, offer a new range of functions for business intelligence.

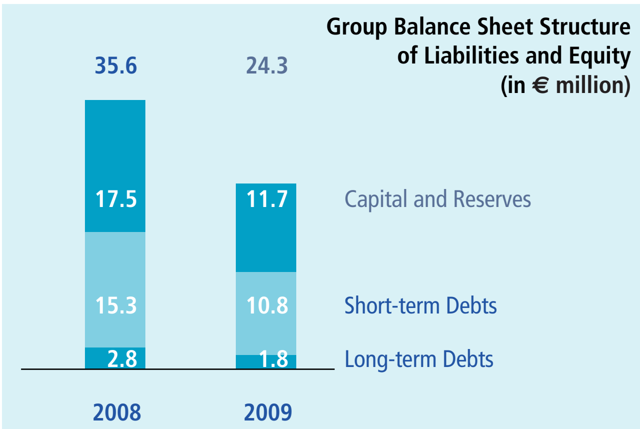
In the personal software TOPAS area, the changes for the new tax and social law related regulations (e.g. ELENA, electronic remuneration statement) have been integrated and made available to the customers at the beginning of 2010.

Fundamental improvements for the information systems as well as new graphic surfaces are being developed for the financial accounting system Comarch DKS. A new financial controlling application is being developed to enhance the infosystem. The release will be approved in the second quarter of 2010.

The document management system InfoStore of the Group company Solitas Informatik AG, Buchs/Switzerland was fundamentally revised.The client applications were completely redesigned according to the newest ergonomic findings: a new middleware makes the use of various archiving servers possible. The new software server has been available since the beginning of 2010.

The scope of R&D activities has further increased in the business year 2009 compared to the previous year. Expenditures for research and development in 2009 amounted to approx € 9.7 million (previous year 9.4). In accordance with IFRS regulations a partial amount of the sum for new developments to the amount of € 1.45 million (previous year € 2.4) has been capitalized for Comarch Semiramis.





The book value of capitalized internal development for standard software amounts to € 4.0 million (previous year 3.4) on the day of record and is almost exclusively applied to the product Comarch Semiramis.

PERSONNEL

On the day of record Dec. 31, 2009, the SoftM group had 339 employees, incl. freelancers (previous year 407); the annual average was 387 employees (previous year 417). The staff has decreased significantly in all sectors due to staff reduction as a result of deconsolidation in the second half of 2009.

SoftM has a differentiated remuneration system for its employees. In the consulting unit they receive, in addition, to their basic pay various bonuses in connection with qualitative and quantitative reference figures. Employees in the sales force receive, in addition, to a fixed salary a variable provision for license sales, or respectively, for profit contribution. Software developers also receive in addition to a fixed salary a variable portion which depends on the reaching of qualitative development goals. In the administration area remuneration is based on fixed salaries and bonuses for reaching certain goals.

In addition, the overwhelming majority of employees including the Management Board, receive extra benefits in the form of company pension payments as direct insurance or respectively a support fund and other social benefits.

The Management Board receives, in addition to a fixed salary, variable remuneration which is partly tied to the Group result and partly dependent on the achievement of individual goals, No pension commitments have been undertaken.

OPPORTUNITIES AND RISKS OF FUTURE DEVELOPMENT

The merging of Comarch and SoftM creates new opportunities for growth for SoftM AG.

In the standard software business unit the further development and marketing of the new product lines Comarch Semiramis and Comarch Sharknex can be accelerated by their integration into the Comarch Group. This way SoftM can tap target markets, especially in Eastern Europe, for the innovative SoftM products with a large number of agencies and distribution partners through Comarch, Even more, in addition to its own staff SoftM can access the highly qualified software developers of Comarch and thereby significantly increase the speed of development process of its own products. Since the end of 2009 SoftM has been able to offer Comarch products and in this way is able to serve its customers more comprehensively.

The SoftM Group relevant risks can be classified as follows:

Economic and market risks

- Fundamental worsening of basic economic conditions. In a long-term continuing general economic slump, it is possible that both the general willingness to invest by either the buying or by the implementation of SoftM Group products can be reduced, as well as the planning of such investments. A hesitant or weak economic upturn can have a negative effect on SoftM revenues and result.
- At the present, the software branch is experiencing a phase of consolidation. Competition is continuing to increase as a result of this consolidation. It is possible that competitors may be able to achieve market share at the expense of SoftM:
- A considerable part of revenues are derived from service contracts with regular customers. If such regular customers were to decide to cancel service contracts and, at the same time, decide not to conclude any new license or service agreements, this could have a negative effect on the SoftM Group result.
- Revenues in the system integration sector are significantly affected by the pricing policies of the hardware manufacturers. It would not be possible for SoftM to compensate for changes in price by means of corresponding business expansion or by extending the range of services offered.

Product risks

- New products and releases could contain unrecognized defects in spite of extensive testing. SoftM, therefore, makes great effort after delivery to the customer to correct any defect, which may have occurred in close cooperation with the customer. There is, however, no guarantee that all defects can be corrected to the satisfaction of

the customer. For this reason, customers may be able in individual cases to demand a refund for payments made, compensation, damages, or exchange of the software product or other concessions. Contracts of sale or service agreements can be deemed to be contracts of work and labor in case of disagreement brought before a court. Such incidents could have a negative impact on profitability and on the image of the company.

- The planning of new software products is based on many years of experience with development and projects with similar products in the SoftM Group (Comarch Suite, Schilling, Comarch DKS). However, technical problems during product planning and development cannot be fully excluded, in addition the product completion may not go according to schedule or market introduction for the product may be delayed. Due to the partial dependence on external partners during the development phase, an increased risk that the implementation of strategic product goals can be negatively influenced exists.

Project Risks

- Activity for the implementation of the software is susceptible to a number of risks, over which the SoftM does not have complete control. The projects are often connected with the allocation of resources on the side of the customer. The project risks could lead to delays in the introduction of systems and/or to higher project costs. Customer recourse claims and loss of image for the company cannot be ruled out.

Personnel Risks

- The business of the SoftM Group could be affected if qualified and important co-workers were to leave the SoftM Group and no adequate replacements could be found. The decline in revenues in the system integration unit caused by the departure of employees in 2007 has clearly underlined this risk. SoftM faces strong competition in recruiting highly qualified personnel in the IT sector so that there can be no guarantee given that SoftM over the long-term can keep its key employees committed to the company.

Legal and compliance risks

- The cooperation with external development partners concerning the development of Comarch SharkNex could lead to significant economic consequences in the case of a failure or lawsuit.

Financial Risks

- It is very difficult to prognosticate the future proceeds from services rendered and licensing due to different factors. This is especially the case regarding the system integration business unit. The reasons for this are, for example, the relatively long distribution cycles, eventual delays for installation of software products or servers, budget changes on the part of customers. Since, on the other hand, short-term expenditures are relatively stable, it can occur that the withholding or delay of expected revenues can lead to noticeable quarterly fluctuations in the company result and thereby lead to liquidity impasses.
- Fluctuations and declines in licensing business have an effect on service and maintenance revenues, which, as a rule, follow the licensing revenues in regular time intervals. Any sinking of the percentage share of revenues of software licensing, as well as cancellation of software maintenance contracts, can have a negative effect on the total revenues compared to the previous year, therefore, on sales and total revenues of the SoftM Group.
- The design and development capacity has significantly increased resulting in correspondingly fixed and high short-term personnel expenditures. The revenue growth of software products, on the other hand, is hard to predict and associated with market risks.
- SoftM operates without credit loss insurance, which can, especially in the system integration business unit, lead to loss of receivables in spite of many contracts being processed by means of leasing companies and subject to payment on delivery conditions.
- Considerable debt service requirements have resulted due to the largely leveraged acquisition of the ERP software Semiramis which have to be financed from the Group's cash flow. The investments concerning SoftM Semiramis have led to a heightened use of the Group's financial reserves leading to higher risks for managing Group liquidity.
- Due to the presence of subsidiaries in Switzerland, the volume of business operations and costs in Swiss Francs have reached a considerable amount. The relatively strong currency fluctuation in the reported year led to currency losses. The associated currency risks can still be seen as manageable according to SoftM estimates. Hence SoftM does not use derivative financial instruments to secure currency risks.
- In order to avoid repetition additional information concerning the management of financial risk as well as price change, cancellation, and liquidity risk pertaining to financial instruments can be found in the Group Annex (Text No. 22).

The preceding, listed risks place, nonetheless, great demands on the risk management system of the Group and demand the availability of corresponding financial resources. The accomplishment of these processes is the focal point of Group risk management. Controlling improvement by means of introduction of a new planning and reporting systems also serves to be able to meet the increased demands of the future in a timely manner.

Description of main points of the internal monitoring and risk management systems in accordance with § 289 para.5 and 315 para. 2 No. 5 GCC.

The expansion of the internal monitoring system represents an ongoing, important internal task. This includes, in addition to a systemic risk analysis, the implementation of leading indicators which make it possible to recognize risks early in order to be able to combat them with the appropriate measures when necessary.

The internal monitoring system at SoftM encompasses all basic principles, processes and measures for safety, efficacy, cost effectiveness and the compliance to accounting, as well as protecting the adherence to the proper legal regulations. The system encompasses all internal control and monitoring systems. In particular, the Management Board has entrusted the controlling and accounting/finance sectors, as well as personnel to carry out this task. Process integrated and independent measures make up the elements of the monitoring systems. IT supported monitoring, as well as manual controls such as the two person principle are employed. The Supervisory Board gives the annual auditor tasks which change every year in order to test the control system. Risk management as a component of the internal control system comprises, in addition to operating risk management, including asset and damage depreciation by insurance, the early recognition of risks and the early recognition of subsistence dangers (per §91 para. 2 STA).

All accounting procedures are done with SoftM own software. Data from internal systems are read into an external standard consolidation tool for the annual report and from that the consolidated accounts with capital-, asset- and debt consolidation, as well as cost and revenue consolidation are compiled and documented. The Group final auditor regularly checks the transfer of the individual accounts to the Group accounts.

Specific Group accounting risks can arise, e.g. as a result of complex business transactions, especially relating to time sensitive activities at year's end. Business activities that are not routine also comprise a latent risk. The evaluation of tangible assets which is conducted by various personnel may lead to risks due to individual evaluations.

The internal monitoring system allows for the complete compilation and appraisal of the actual situation. Erroneous monitoring, personal leeway for decisions, deliberate misconduct or other circumstances cannot, however, be excluded.

STATEMENT IN ACCORDANCE WITH § 289 PARA.4 315 PARA. 4 GCC

The subscribed capital of SoftM AG consists of € 6,480,000. Equity capital is comprised of 6,480,000 single shares registered to the bearer. No preference shares exist. One share has a calculative value of € 1.00 of equity capital. The endowment of the shares is made in accordance with the rights and obligations of the corresponding regulations of the Companies Act. There exist no constrictions pertaining to voting rights or transferal except those, which pertain to the relevant clauses of the Companies Act. Only legal voting restrictions are applicable. The new shares resulting from the capital increase registered on November 18, 2008 in the Commercial Registry are not approved for stock market trade, a stock market permit has not yet been applied for. No shareholder or group of shareholders are granted special rights. The employees of the company and its subsidiaries have no interest in the capital of the company, so that any indirect right of control could be exerted by the employees. In that the shares of the company are transferable, the company has no detailed information concerning the shares in free float, or correspondingly the possibility of shares being owned privately by employees.

Regulations pertaining to the hiring and dismissal of Management Board members as well as any change in the articles are implemented in accordance with the corresponding regulations of the Companies Act (§ 84 CA and 179 STA). In accordance with §7 of the Statute, the number of Management Board members is regulated by the Supervisory Board. In accordance with § 13 of the Statute, the Supervisory Board is only authorized to amend statutes which effect their formulation.

The Annual General Meeting of June 19, 2008 authorized the Management Board to increase the Group's equity once, or repeatedly, up to € 2,400,000 contribution in kind or cash by issuance of new bearer shares registered to the bearers name upon approval by the Supervisory Board while generally permitting buying options until June 18,

2013 (Approved Capital 2008), the remaining authorized capital 2008 is € 990,000. A further authorization allowing the Management Board to exploit the Approved Capital does not exist. The Annual General Meeting has, thereby, authorized the Management Board with approval of the Supervisory Board to exclude buying options under certain conditions.

The Annual General Meeting of June 19, 2008 has authorized the Management Board, with approval of the Supervisory Board to issue an aggregate amount of up to € 10,000,000.00 to the bearer of option or convertible bonds (or a combination of these instruments) (together the "debenture bond") and with or without maturity limits until June 18, 2013 and to grant the bearers or holder of debenture bond option and convertible rights option rights to in total 2.490.000 SoftM Software und Beratung AG no-par shares in the bearer's name with a proportionate amount of the equity capital of in total € 2,490,000.00 according to provisions of convertible and option loan conditions. During the disposal of debenture bonds the shareholder, in general, enjoys the legal buying options. The Annual General Meeting has authorized the Management Board to exclude the buying options under certain conditions with the approval of the Supervisory Board. For this purpose the equity capital is conditionally increased up to € 2,490,000 by disposal of up to 2,490,000 shares in the bearer's name (Approved Capital 2008). The Management Board has not made use of this authorization up until now.

Further details of the previously mentioned authorizations are results of the authorization resolutions of the Annual General Meeting of June 19, 2008 and of § 5 para. 1 (Authorized Capital) as well as § 5 para. 2 (Approved Capital 2008) of the Group's charter.

An authorization of the Management Board to purchase own shares does not exist.

The Comarch S.A., Krakow, Poland, held 80.89% of voting rights of SoftM Software und Beratung AG on the day of record (December 31, 2009).

These voting rights were attributed to the full extent to Comarch S.A. in line with § 22 para. 1 sent. 1 no. 1 STA through Comarch Software AG Dresden, Germany. The Comarch AG, Dresden, Germany held 80.89% of voting rights on the day of record (December 31, 2009).

Further investment in SoftM's equity capital, that exceeded 10% of voting rights, did not exist as of December 31, 2009.

CORPORATE GOVERNANCE STATEMENT AS PER § 289 GCC

Management and Supervisory Boards of Softm AG have prepared this statement in accordance with § 289 GCC pertaining to corporate governance as well as in accordance with sec. 3.10 of the German Corporate Governance Codex.

German Corporate Governance Codex Compliance Statement as per § 161 Companies Act.

SoftM supports the goal to encourage by means of a corporate governance code for German listed companies, the trust placed in the management and monitoring of public stock corporations by the shareholders, the customers, staff and general public. Last year corporate governance played its usual prominent role at SoftM. For SoftM good corporate governance is a demand placed on all business sectors within the company. Transparent reporting and company leadership in the interest of the shareholders are pillars of our company policy. The Management and Supervisory Board issued the following report in December of 2009.

The Management and Supervisory Board of SoftM announce in accordance with § 161 Companies Act that all recommendations made public by the Federal Justice Ministry on July 4, 2003 in the official part of the "Electronische Bundesanzeiger", the recommendations of the "Government Commission of the German Corporate Governance Code" in the version of June 6, 200 to August 5 , 2009, and as of August 5 ,2009 which were made public in the "Electronische Bundesanzeiger", by the Federal Ministry of Justice on pertaining to the recommendations which had already been made by the Government Commission of the German Corporate Governance Code" in the version of June 18, 2008 and since the compliance statement of Dec. 2, 2008 will be met, or that those, which are not applied or will not be applied, will be listed respectively

This declaration along with accompanying annotation is permanently available to shareholders on the SoftM homepage address www.softm.com. It will be updated annually.

SHAREHOLDERS AND ANNUAL GENERAL MEETING

Shareholders determine the fundamental business direction of the SoftM AG by making use of their voting rights. These voting rights may be exercised by the shareholders themselves at the Annual General Meeting or by a representative of their choice or by means of a directed proxy of the company. The exact conditions for registration and participation for every Annual General Meeting will be printed in the corresponding invitation.The Annual General Meeting will make decisions pertaining to all matters placed before it, especially pertaining to confirmation of the Supervisory and Management Boards, choice of auditor, changes in bylaws, measures relating to changes in equity. The SoftM AG reports four times a year on a regular basis to its shareholders on matters pertaining to the financial, assets and revenue positions of the company. Members of the Management Board inform shareholders, analysts and the general public regularly by means of quarterly, six month and annual reports.

PRINCIPLES AND PROCEDURES OF THE MANAGEMENT BOARD

The Management Board has the sole responsibility for fulfilling all managerial and operating tasks. The Board of Management is especially responsible for the strategic direction of the company, as well as the internal monitoring and risk management for the SoftM Group. This system is being continually developed and conformed to the changing general conditions. Details can be found in the Risk Report chapter of the Management Board Report. Therein can be found in accordance with the Accounting Law Modernization Act (BilMog) the required report pertaining to accounting relevant internal monitoring and risk management systems. Members of the Management Board are collectively responsible for the management of the company. Irrespective of this collective responsibility, each Management Board member acts independently in that sphere of responsibility assigned to him. The Management Board in its totality decides all matters of significance. The collaboration of the members of and the allocation of duties are to be regulated by bylaws and an allocation of duties agenda. The duties agenda allocates to the Management Board members their various portfolios. The Chairman of the Management Board has the responsibility to lead and coordinate the Management Board. The Management Board decisions are taken by simple majority of the votes, in as far as no law mandates another action. In the event of a tie vote, the vote of the Chairman will be decisive.

PRINCIPLES AND PROCEDURES OF THE SUPERVISORY BOARD

The Supervisory Board is comprised of three members. No committees were formed due to the small number of Supervisory Board members. An effective cooperation of the Board as a whole is possible due to its size. The Supervisory Board monitors and consults the Management Board concerning the conduct of business. It hires and dismisses the members of the Management Board, monitors and is responsible for the structure of the remuneration system as well as the remuneration of the individual members of the Management Board. It is included in all decisions of major importance for SoftM. The Supervisory Board has implemented self-imposed rules of procedure. The Chairman of the Supervisory Board coordinates all Supervisory Board tasks, presides over its meetings and is the Supervisory Board spokesman for any issues to be presented outside the company. The Supervisory Board meets at least twice in a calendar year. The Supervisory Board has a quorum when all three members move on a resolution, and decide with a majority of its members, in as far as no other majority is mandated by law. Details concerning the activities of the Supervisory Board in the reporting year can be found in the Supervisory Board Report.

MANAGEMENT AND SUPERVISORY BOARD COOPERATION

The Management and Supervisory Board work closely and in confidence together for the benefit of the company. Their joint goal is the security and sustainable growth of company value. The Management Board reports regularly and promptly to the Supervisory Board on all relevant questions concerning company strategy, planning and business developments, financial and result situation, as well as any business risks and opportunities. Major decisions, e.g. larger acquisitions and extraordinary financial measures, necessitate Supervisory Board approval. No conflict of interest concerning Management or Supervisory Board members arose which had to be reported.

REMUNERATION REPORT

The Supervisory Board is responsible for the structure of the remuneration system as well as the remuneration of the individual members of the Management Board. The remuneration structure is constantly being discussed and monitored by the Supervisory Board.

It was decided at the Annual General Meeting on July 26, 2006 to make use of an option contained in the Management Remuneration Declaration Act (VorstOG), which does not make mandatory that the remuneration of the members of the Management Board be declared individually or by name.

The amount of the remuneration of the SoftM Group Board is based on the size of the company, its financial and business situation, as well as the pay scale of board members of comparable companies. Factors such as scope of duties, experience and contribution to the success of the enterprise made by the Board Member are taken into consideration when determining remuneration.

One Management Board Member receives no remuneration from SoftM AG for his services as Chairman of the SoftM AG because these services are part of his responsibility as a member of the Management Board of Comarch S.A., Krakau, Poland, the Group parent of SoftM AG (double mandate).

The agreed upon Management Board remuneration with the other members is based upon the following system. Board remuneration is, to a certain degree, dependant on performance. It is comprised of two components: a fixed remuneration in the form of a monthly salary in addition to remuneration in kind, as well as a variable remuneration which is based the goals and duties of the individual board member involved and is agreed upon with the Supervisory Board.. In business year 2009 the Management Board as a whole received fixed salaries to the total of K € 883 and variable remuneration to the total of K€ 134. Management Board Members have no pension rights.

Two Board Members shall receive their basic salary for six months in case of termination of their employment contract if no pertinent reason is given.

Two members of the Management Board hold special termination rights in the case of a "change in control" which will go into effect in the sense of the agreement when a shareholder announces controls of more than 50% of the shares.

This notice of termination will begin four weeks commencing at the end of the month of notice given in accordance with their employment contract. This special right of termination does not apply for Cormarch AG , Dresden or companies associated with Cormach S.A. In case of implementation of extraordinary termination rights on the part of a Management Board member, the company is obligated to remunerate the Management Board member for a period of nine months (or respectively in one case for a year) – for a maximum period, however, to correspond with the agreed upon length of the employment contract – as of the premature end of contract as severance pay.

Supervisory Board remuneration

Supervisory Board remuneration was set at the Annual General Meeting and stipulated in § 12 of the bylaws. Supervisory Board remuneration is correlated to the tasks and responsibilities of the Supervisory Board members, as well as on the size and business success of the company. The fixed salary of the individual Board members was € 5,000 per annum. In addition, every member received a variable remuneration of 0,25% of the EBT of the SoftM Group. The Chairman receives double. Total remuneration of the Supervisory Board for business year 2009 amounted to K€ 9. No variable compensation elements were paid to the Supervisory Board in business year 2009.

DIRECTORS´ DEALINGS AND SHARE OWNERSHIP OF MANAGEMENT AND SUPERVISORY BOARD

Members of the Management and Supervisory Board of SoftM AG, as well as specified employees with managerial functions and those persons who have close business ties must disclose any dealings with SoftM shares or related financial instruments of the SoftM AG in accordance with §15 of the Securities Trade Act. Duty of disclosure, however, does not apply if the total sum of the business transaction of the aforementioned person does not exceed €5,000 by the end of a calendar year. No business transactions of this type were disclosed to the SoftM AG in business year 2009.

In accordance with Section 6.6 of the German Corporate Governance Codex, the ownership of shares in the company, or financial instruments thereof in possession of members of the Management or Supervisory Board must be disclosed if it exceeds either directly or indirectly more than 1% of the amount of total shares distributed by the Company. If the total amount of shares held by all members of the Management or Supervisory Board exceeds 1% of the amount of shares issued by the Company, the share holdings are to be disclosed and listed according to Management or Supervisory Board ownership.

On the day of record, share ownership of over 1% of total shares issued were held individually by the following members Management or Supervisory Board:

Management Board:

Dr. Hannes Merten (216,626 Shares)

Additionally, taking into consideration the shareholdings of all members of the Management or Supervisory Boards, who individually had share holdings of less than 1% of issued shares, the Management Board as a whole held 0.42% and the Supervisory Board as a whole held 3.34% of total shares issued on the balance sheet day of record.

Stock Option Programs or similar Securities oriented Investment Plans.

At the present, no stock option programs or similar securities oriented investment schemes exist.

FINANCIAL STATEMENT

The Akanthus GmbH Wirtschaftsprüfungsgesellschaft was chosen by the Annual General Meeting of SoftM AG on June 25, 2009 to be the accounts auditor as well as the auditor for any necessary review of any interim financial reports in accordance with §§37 w, 37 y STA. SoftM AG accounting is prepared in accordance with GCC (annual individual financial statement SoftM) and in accordance with IFRS (consolidated financial statement) as they are to be applied in the EU. The compilation of the annual individual financial statement and the consolidated financial statement are the responsibility of the Board of Management. The annual individual financial statement and the consolidated financial statement have been assessed and approved by the Supervisory Board

SUPPLEMENTARY REPORT

A 30% holding in KEK Anwendungssysteme GmbH was sold to the majority shareholder in February 2010.

The Chairman of the Supervisory Board of SoftM AG informed the company on March 12 that he and his wife had sold 216,626 shares worth € 346,601.60 and, respectively, 38,000 shares worth €60,800 on March 11, 2010.

The new Comarch Semiramis product Release 5.0 of was released for delivery for customer utilization at the end of March 2010.

OUTLOOK

The year 2010 will be marked by the economic development in Germany following the biggest worldwide finance and economic crisis in over 60 years. A slight rise in the GDP is expected for Germany. The German government is forecasting a rise of% 1.4. The industry association, Bitkom, in a report from February 2010, projected a growth rate of% 1.4 in information technology. SoftM is likewise assuming that there will be growth.

Due to the still unstable economic situation and the lack of reliability of forecasts related to the general economic trend, the SoftM Management Board cannot make with an certainty any predictions concerning the trends for business year 2010. SoftM expects Group revenues are expected to increase slightly compared to the previous year. EBITDA figures are expected to rise significantly.

DEPENDENT COMPANY REPORT

Closing statement of the Management Board report concerning relations to associated companies: "The company attained an appropriate service in return for all legal business conducted with associated groups mentioned in the report. Further measures in line with § 312 Companies Act have neither been made nor omitted. This judgment is based on circumstances that were known to us at the time of our reporting obligation."

Munich, March 2010
SoftM Software und Beratung AG

The Management Board

Piotr Piatosa

Ludwig Ametsbichler

Ralf Gärtner

Jens Göbel



Group Financial Statement

Group Balance Sheet

ASSETS	Annex	December 31, 2009 €	December 31, 2008 €
Short-term assets			
Cash and cash equivalents	(1)	410,486.49	2,722,314.31
Accounts receivable from sales and services	(2)	5,965,747.47	12,252,156.08
Securities	(3)	37,053.46	30,888.07
Inventory	(4)	170,453.44	175,669.98
Accounts receivable from sales and services	(5)	136,960.65	607,237.95
Other accounts receivable and assets	(6)	405,908.18	812,997.17
Accrued and deffered items	(7)	122,524.23	227,559.62
Total short-term assets		**7,249,133.92**	**16,828,823.18**
Long-term assets			
Intangible assets acquired through payment	(8)	2,268,138.06	3,601,174.27
Capital development costs	(8)	4,017,800.00	3,351,400.00
Goodwill	(9)	8,480,687.08	10,535,687.08
Fixed assets	(10)	449,023.38	863,603.02
Shares in associated companies	(10)	44,936.08	54,371.33
Other investment	(11)	0.00	27,000.00
Other accounts receivable and assets	(16)	202,184.73	153,901.51
Deferred taxes	(11)	1,566,396.00	167,568.00
Total long-term assets		**17,029,165.33**	**18,754,705.21**
Total assets		**24,278,299.25**	**35,583,528.39**

LIABILITIES

	Annex	December 31, 2009 €	December 31, 2008 €
Short-term liabilities			
Loans	(12)	1,500,273.48	4,576,664.17
Liabilities from sale and services	(13)	2,321,711.94	2,313,736.00
Liabilities to associated companies	(14)	1,530,232.88	0.00
Received advanced payments	(15)	45,356.00	51,100.00
Tax provisions	(16)	199.72	350,541.66
Other provisions	(17)	4,725,667.53	6,567,114.88
Other short-term liabilities	(18)	617,742.32	1,181,505.92
Accrued and deferred items	(19)	8,959.56	7,310.51
Total short-term liabilities		**10,750,143.43**	**15,047,973.14**
Long-term liabilites			
Long-term Loans	(12)	0.00	1,250,000.00
Other provisions	(17)	270,235.65	218,069.03
Provisions for deferred taxes	(20)	1,566,396.00	1,584,769.00
Long-term participation of other liabilities	(18)	0.00	20,451.67
Total long-term liabilities		**1,836,631.65**	**3,073,289.70**
Equity capital			
Subscribed capital of SoftM AG	(21)	6,480,000.00	6,480,000.00
Capital surplus	(21)	1,414,489.21	13,567,019.88
Balance sheet profit	(21)	3,790,531.60	-2,618,667.81
Reserve for foreign currency conversion	(21)	6,503.36	33,913.48
Total equity capital		**11,691,524.17**	**17,462,265.55**
Total liabilities		**24,278,299.25**	**35,583,528.39**

Group Income Statement

	Annex	December 31, 2009 €	December 31, 2008 €
Net sales	(25)	38,894,876.01	56,559,323.43
Other revenues	(26)	1,319,617.84	1,366,677.25
Changes in work in progress	(27)	27,468.09	6,507.28
Capitalized costs of self-constructed assets (development costs)	(28)	1,450,000.00	2,400,000.00
Costs of purchased materials	(29)	-6,865,997.48	-16,946,391.50
Costs of purchased services	(30)	-4,610,590.16	-3,065,076.96
Personnel costs	(31)	-23,000,630.43	-26,135,883.86
Depreciation of fixed assets and intangible assets	(32)	-4,754,373.20	-6,421,331.17
Other operating costs	(33)	-9,577,246.31	-10,434,742.98
Operating result (EBIT)		-7,116,875.64	-2,670,918.51
Net interest income	(34)	-27,025.73	-271,407.88
Interest and income from equity participation	(35)	-9,435.25	3,501.75
Result before tax on earnings (EBT)		-7,153,336.62	-2,938,824.64
Tax on earnings	(36)	1,410,005.36	-1,700,596.84
Consolidated net result		-5,743,331.26	-4,639,421.48
Changes in balancing item from currency conversion of foreign subsidiaries		-27,410.12	59,398.39
Group result		**-5,770,741.38**	**-4,580,023.09**
Result per share (€)	(37)	-0.89	-0.93

Group Cash Flow Statement

		2009 k€	2008 k€
	Consolidated interest in net income/loss	-5,743	-4,639
=	**Consolidated interest in net income/loss incl. Minority interest in net income/loss**	- 5,743	-4,639
+/-	Depreciation/revaluation of long-term assets	4,754	6,425
-	Profit resulting from sale of consolidated companies	12	0
+/-	Profit/loss resulting from disposal of fixed assets	8	-3
+/-	Increase/decrease in provisions	-2,122	-676
+/-	Increase/decrease in inventories, receivables from goods and services, as well as other assets not attributable too investment or financing.	5,154	4,834
+/-	Increase/decrease in liabilities, claims for goods and services, as well as other liabilities not attributable too investment or financing.	346	-931
+/-	Other expenditures and revenues not effecting payments/income	-15	51
=	**Operative cash flow**	**2,394**	**5,061**
	Net cash inflow from fixed asset disposal	114	29
-	Expenditure for fixed asset development	-171	-493
-	Expenditure for intagible asset investment	-1,595	-2,666
+	Income from disposal of sale of consolidated companiesor other busines units.	74	0
-	Less disposed funds	-136	0
-	Expenditures for acquisition of consolidated companies or other business units	-100	-100
+	Net cash inflow from disposals of associated companies	30	0
=	**Cash flow from investment activity**	**-1,784**	**-3,230**
+	Income from capital investment	607	4,911
-	Payments to shareholders and minority shareholders (dividends, acquisition of own shares,own equity repayment, other payouts)	0	-16
+	Income from loans	2,036	0
-	Expenditure for loan liqquidation	-5,560	-4,615
=	**Cash flow from investment activity**	**-2,917**	**280**
	Changes in capital funds affecting payment	**-2,307**	**2,111**
+/-	Valuation changes in funds due to currenciies or ,consolidated group changes	-5	4
+	Funds at the beginning of period	2,722	607
=	**Funds at the end of period**	**410**	**2,722**

Group Segment Report

as per December 31, 2009

The business units Standard Software and Consulting form the Software/Consulting segment. The activities in connection with hardware sales constitute the System Integration segment. There were no internal revenues between the segments.

	Software/ Consulting 2009 m €	System integration 2009 m €	Group 2009 m €	Software/ Consulting 2008 m €	System integration 2008 m €	Group 2008 m €
Revenues (external)	**31.4**	**7.5**	**38.9**	**38.0**	**18.5**	**56.5**
Capitalized own work	1.5	0.0	1.5	2.4	0.0	2.4
Other operating income total	1.3	0.3				
Other operating income (intersegmental)	0.3	0.3				
Other operating income	1.0	0.3	1.3	0.9	0.5	1.4
Income	**33.8**	**7.8**	**41.6**	**41.3**	**19.0**	**60.3**
Expenses	**38.7**	**10.1**	**48.8**	**44.8**	**18.1**	**62.9**
EBIT	**-4.9**	**-2.3**	**-7.2**	**-3.5**	**0.9**	**-2.6**
Financial result			0.0			
EBT			**-7.2**			**-2.9**
Taxes on income or other taxes			1.4			-1.7
Consolidated net income / loss			**-5.8**			**-4.6**

Other Information

	Software/ Consulting 2009 m €	System integration 2009 m €	Group 2009 m €	Software/ Consulting 2008 m €	System integration 2008 m €	Group 2008 m €
Segment assets	19.7	2.5	22.2	23	9.6	32.6
Participation in investments	0.0	0.0	0.0	0.1	0.0	0.1
Non-allocated assets			2.0			2.9
Assets (total)			**24.3**			**35.6**
Segment debts	10.8	1.7	12.6	14.3	7.9	17.8
Debts (total)			**12.6**			**18.2**
Investments	1.8	0	1.8	3.3	0.1	3.4
Depreciation	2.9	1.9	4.8	6.1	0.3	6.4
- of which extraordinary	0.3	1.8		3.1		

Geographical

	Domestic 2009 m €	Foreign 2009 m €	Group 2009 m €	Domestic 2008 m €	Foreign 2008 m €	Group 2008 m €
External revenues from sales by location	32.4	6.5	38.9	48.8	7.7	56.5
Intangible and fixed assets	15.2	0.1	15.3	18.4	0.1	18.5

Group Capital and Reserves Statement

in €	Share capital	Total capital surplus	Group earned equity	Adjustments for currency conversion	Equity as to group balance sheet	Own shares not designated for redemption	Capital reserves	Minority equity	Adjustments for currency conversion	Own capital	Group capital and reserves
Dec. 31, 2007	**4,980,000.00**	**11,068,684.25**	**2,020,753.67**	**-25,484.91**	**18,043,953.01**	**-1,520,402.32**	**16,523,550.69**	**17,708.85**	**0.00**	**17,708.85**	**16,541,259.53**
Paid dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-15,950.00	0.00	-15,950.00	-15,950.00
Capital transactionwith owners	1,500,000.00	2,498,335.63	0.00	0.00	3,998,335.63	1,520,402.32	5,518,737.95	-1,758.85	0.00	-1,758.85	5,516,979.10
Group annual result	0.00	0.00	-4,639,421.48	0.00	-4,639,421.48	0.00	-4,639,421.48	0.00	0.00	0.00	-4,639,421.48
Changes not affecting income	0.00	0.00	0.00	59,398.39	59,398.39	0.00	59,398.39	0.00	0.00	0.00	59,398.39
Group total result	0.00	0.00	-4,639,421.48	59,398.39	-4,580,023.09	0.00	-4,580,023.09	0.00	0.00	0.00	-4,580,023.09
Additions / withdrawals to balance sheet profit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dec. 31, 2008	6,480,000.00	13,567,019.88	-2,618,667.81	33,913.48	17,462,265.55	0.00	17,462,265.55	0.00	0.00	0.00	17,462,265.55
Paid dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital transactionwith owners	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Group annual result	0.00	0.00	-5,743,331.26	0.00	-5,743,331.26		-5,743,331.26	0.00	0.00	0.00	-5,743,331.26
Changes not affecting income	0.00	0.00	0.00	-27,410.12	-27,410.12	0.00	-27,410.12	0.00	0.00	0.00	-27,410.12
Group total result	0.00	0.00	-5,743,331.26	-27,410.12	-5,770,741.38	0.00	-5,770,741.38	0.00	0.00	0.00	-5,770,741.38
Additions / withdrawals to balance sheet profit	0.00	-12,152,530.67	12,152,530.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dec. 31, 2009	**6,480,000.00**	**1,414,489.21**	**3,790,531.60**	**6,503.36**	**11,691,524.17**	**0.00**	**11,691,524,17**	**0.00**	**0.00**	**0.00**	**11,691,524.17**

Group Annex for Business Year 2009

A. FUNDAMENTALS

The consolidated financial statement of the SoftM Software und Beratung AG has been prepared applying §315a of the German Commercial Code and according to the guidelines of International Financial Reporting Standards (IFRS) in effect on the date of balance sheet reporting. Both the IFRS designated accounting standards of the IASB, as well as the current interpretations of the International Financial Reporting Interpretations Committee (IFRIC) were observed. The terms IFRS und IFRIC replace the previous terminology IAS (International Accounting Standards) und SIC (Standing Interpretations Committee) which was employed until 2002. For standards applicable up till 2002, the aforementioned terms will be used.

The SoftM AG with headquarters in Messerschmittstraße 4, 80992 Munich is incorporated in the Comarch S.A. Krakau, Poland Group Report. Due to the stock exchange listing (mandatory) SoftM AG has prepared for the SoftM Group a partial consolidated financial statement.

A statement mandated by §161 Companies Act pertaining to the German Corporate Governance Code has been issued and made available to the shareholders on the homepage of SoftM Software und Beratung AG (under www.softm.com section IR/Investor Realtions).

The annual financial statements of the companies contained in the consolidated financial statement are subject to uniform balance sheet and valuation principles. Valuations based on tax guidelines have not been employed in the consolidated financial statement. Day of record (Dec. 31, 2009) of the consolidated financial statement is identical for all companies and associated companies included in the report.

The consolidated financial statement has been prepared in euro. The figures found in the annex are for the most part in K€.

The income statement has been prepared in accordance with total cost accounting and conforms to the requirements of IAS 1 2007. The previous net income statement will continue to constitute a partial statement until annual profits. Subsequent to this a statement of total recognized income and expense will follow in a second partial statement beginning with annual profits taking into consideration the components of other results.

In line with IAS 1.60 ff the itemizing of the balance sheet distinguishes between long-term and current assets. Assets are considered to be current when they can be expected to be realized within one year. Liabilities and receivables are considered to be current when they are due within one year. Receivables and liabilities from deliveries and performance as well as inventory will in principle be posted as current. Deferred taxes and liabilities will be in principle posted as long-term.

The income statement as well as the balance sheet, individual items are combined for the sake of clarity; they are posted and clarified in the annex.

The consolidated financial statement will be released to the public by the Supervisory Board on March 22, 2010.

Changes in accounting and valuation methods will be clarified in the annex. Values from previous years have been correspondingly adjusted.

In the consolidated financial statement some estimates and assumptions of a very limited scope have had to be made, which have an effect on the amount and posting of the listed assets and liabilities, revenues and expenditures, as well as any eventual liabilities. The actual valuation may vary from the estimates.

The following included domestic subsidiary companies of SoftM Software und Beratung AG, in the course of being fully consolidated, fulfill the requirements of § 264 para. 3 GCC (respectively: § 264 b GCC) and are, therefore exempt from the regulated financial accounting, audit and disclosure obligations. This exemption will only be claimed in each case in regards to the compilation of an annex as well as, if applicable, a Management Board report and disclosure obligations:

- Comarch Solutions GmbH, Munich
- Comarch Systemintegration GmbH, Munich
- Comarch Schilling GmbH, Bremen

B. THE EFFECTS OF THE NEW ACCOUNTING STANDARDS

The consolidated statement for the year 2009 was prepared taking into account the following revised accounting standards. There were no major effects on net assets financial position or results, as well as result per share resulting from the financial accounting standards and interpretations employed for the first time in this business year.

IFRS 8 (Operating Segments) were published in November 2006 thereby replacing IAS 14.the standard is to be mandatorily employed for the first time in any business year beginning after Jan. 1, 2009. Segment reporting will conform structurally and in content with the regularly submitted reports of the internal decision makers.

In March of 2007 the IASB published a revised version of IAS 23 (Borrowing Costs). The previous option of including interest payments in connection with the acquisition, the constructing or producing of a qualified asset was stricken.

In September of 2007 the IASB published a revised version of IAS 1 (Presentation of Financial Statements). These changes refer to various regulations for the interpretation of the accounts and require additional information in certain cases. In accordance with this, there is a requirement under certain conditions to disclose an opening balance sheet for the previous year and a separate statement for own capital transactions with associates or respectively non-associate, as well as the impact of any income taxes per component in the "listing of recorded expenses and revenues" to be listed separately.

A revised version of the Standards IFRS 2 (share-based payment) was published in January 2008. It was here clarified that vesting conditions are solely service and performance conditions. In addition the revision stipulates that the guidelines for early cancellation are not dependant on whether the share based payment plan is terminated by either the company or another partner.

The revised IAS 32 (financial instruments: presentation) and IAS 1 (presentation of financial statements) were published in February 2008. This concerns the new regulations for the delineation between own and debt capital of the right of cancellation. In the future such instruments can, under certain conditions, be reported as own equity.

The Annual Improvements Process 2006-2008 (Part I and II) was published in May 2008. Within the framework of this project, smaller, not urgent but necessary changes of existing standards were collected and put in the framework of a single exposure draft and published. Within the framework of the projects, changes were dealt with, which, as a rule, treated the adjustment of inconsistencies in, or respectively between existing standards and clarifications concerning wording. The changes as a whole are to be implemented beginning with the business year starting on Jan. 1, 2009.

The IASB published changes to the IFRS 7 (Financial Instruments Disclosures). These, for the most part, are concerned with additional information regarding financial instruments which are to be valued at fair current market value. Additional information pertaining to liquidation risk is also is required to be provided. In addition, information on the basis a three stage hierarchy is to be provided as to how the fair current market value was established in accordance with IFRS 7.

In June 2007 IFRIC 13 (Customer Loyalty Programs) was published for the reporting of amortization of expenditures and the reporting of revenues from customer loyalty programs. IFRIC 13 is first to be implemented for any business year that begins on or after July 1, 2008.

IFRIC 15 (Agreements for the Construction of Real Estate) was published in July 2008. The interpretation deals with the realization of sales in accordance with IAS 11, respectively IAS 18 in connection with the construction and sales of buildings or building parts before completion.

Additionally, IFRIC 16 (hedges of a net investment in a foreign operation) was published in July, 2008. It deals with several questions concerning the correlation between IAS 21 and IAS 39. The interpretation is to be implemented for business years beginning after October 1, 2008.

IFRIC 18 (transfer of assets from customers) was published in January 2009 and is to be utilized for all transfers undertaken on or after July 1, 2009. The interpretation stipulates under what circumstances, in what timeframe and to what value the receiving company must enter an asset in the balance sheet.

The following IFRS and IFRIC have been published but their implementation is not yet mandatory.

In January 2008 the ISAB published the revised standard IFRS 3 (Business Combinations) and IAS 27 (Consolidated and Separate Financial Statements). The main revisions of IFRS 3 effect the balance sheet valuation of a possible minority interest or the valuation of a previously held stake in the gradual acquisition of a company at the point in time of the attainment of domination as well as the effective posting of any costs related to acquisition. The changes in IAS 27 are in regulations concerning consolidation and treatment of changes in amount of holding. The revised standards are first to be implemented for any business year that begins on or after July 1, 2009. Earlier implementation is permitted when both revised standards are simultaneously employed. SoftM is currently investigating what effect the implementation will have on future company takeovers.

A revision to IAS 39 (Financial Instruments: Recognition and Measurement) was issued by IASB in July 2008. The revisions serve to clarify which portion of a financial instrument can be designated as a secured underlying transaction. The central theme was the unilateral hedging by means of options as well as protecting against inflation.

Within the framework of the annual "improvement-projects" the IASB published a second collection of standards "improvements to IFRS's in April, 2009. The changes can mainly be seen as editorial changes to existing standards. In as far as nothing is regulated in individual cases, the changes are to be implemented in business years which begin after Dec. 31, 2009. They have not yet become a part of European law. The changes will not have any significant role in the assets, finance and results situation.

Companies, which receive services and goods on the basis of share remuneration, are immediately required to post these in the balance sheet on the basis of the changes to IFRS 2 published in June 2009. This is irrespective of whether the company itself or a Group company performs the requirement. It is also irrespective whether the requirement is executed n own equity instruments or cash. In the course of the revisions regulation IFRIC 8 (Scope of IFRS 2) and IFRIC 11 (IFRS 2 – Group and Treasury Share Transactions) were incorporated in IFRS2. The effects on the assets, financial and results position in the framework of the group accounts must be reviewed in connection with this. This revised standard is applicable to any business year beginning after Jan. 1, 2010. At the present time, SoftM utilizes no share based remuneration programs.

IAS 32 was significantly revised in October 2009. Subscription rights, call option warrants and options on a proscribed number of own shares for a fixed sum of a currency which is not the functioning currency at issuance must be posted as own capital instruments as long as these were proportionally granted to all shareholders of the same class. This regulation will have no effect on the assets, financial and results position or earnings per share.

The reporting commitment of companies in which the government has a stake (State Controlled Entities) has been simplified on the basis of a revision to IAS 24 in November 2009. Irrespective of this, the definition of related companies and parties has been fundamentally revised. The SoftM Group assumes that these changes will have no noticeable effect on the assets, financial and results position.

In November of 2009, the IASB published IFRS 9 (Financial Instruments) pertaining to the categorization and appraisal of financial assets. These will, in the future, just have two instead of four categories. Other changes basically serve simplification. The announcement represents the completion of the end of the first of three project phases for a complete revision of financial instruments accounting. in accordance with IAS 39. IFRS9 is obligatory for any business year beginning on or after Jan. 1, 2013. It has not yet been incorporated into European law. The SoftM Group is presently reviewing the new ramifications that these changes will have on the assets, financial and results position.

IFRIC 17 (Distribution of Non-cash Assets to Owners) was published in November. The interpretation determines when a commodity dividend obligation is to be treated as a deferred item, that a commodity dividend is to be valued at the hereto current value of the dispensed assets value, and that the difference between the book value of the paid out asset and the book value of the dividend liability is to be posted effecting net income. It is to be prospectively implemented for business years beginning after July 1, 2009. The SoftM Group assumes that the changes will not effect the assets, financial position, and results in any significant manner.

IFRIC 19 was published in November 2009. It deals with the complete or partial redemption of financial liabilities by the issuance of equity instruments. IFRIC 19 is to be implemented for business years beginning on or after July 1, 2010. It may be employed ahead of the scheduled date. It has not yet been incorporated into European law. The SoftM Group assumes that the changes will not affect the assets, financial position, and results in any significant manner.

In November of 2009 an additional revision to IFRIC (IAS 19 – The Limit of a Defined Asset, Minimum Funding Requirements and their Transaction) was published. Due to this revision, companies that have a minimum pay obligation in connection to pension plan and must make advance payments can list the benefit from these advance payments as assets. The revision to be implemented for business years beginning on or after Jan 1, 2011 It may be employed ahead of the scheduled date. It has not yet been incorporated into European law. The SoftM Group assumes that the changes will not have any discernible effect on the assets, financial position, and results..

C. CONSOLIDATED COMPANIES AND CONSOLIDATED PRINCIPLES

FULLY CONSOLIDATED COMPANIES

The following companies have been included in line with the principles of full consolidation:

Company	Headquarters	Share in %
SoftM Software und Beratung AG		
(Parent company in subgroup financial statement)	Germany	
Comarch Solutions GmbH, München	Germany	100.00
Comarch Systemintegration GmbH	Germany	100.00
Comarch Solutions GmbH. Wien	Austria	100.00
Comarch Schilling Software GmbH	Germany	100.00
SoftM France s.a.r.l.	France	100.00
Solitas Informatik AG	Switzerland	100.00

As of July. 1, 2008 all the shares of SoftM Polska Sp. zo.o. were sold. In addition, on August 31. 1, 2008 all the shares of SoftM Czech Republic s.r.o. were sold.

The reduction in the number of consolidated companies is due to company internal re-structuring. As of Jan. 1, 2009 the following company mergers has been undertaken

- The merger of SoftM Semiramis GmbH & co. with
- The merger of SoftM Münster GmbH with Comarch Siltions GmbH München.
- The merger of SoftM Solutions GmbH, Kirchbichl with Comarch Solutions GmbH, Vienna
- The merger of SoftM Software und Beratung AG , Switzerland with Sollitas Informatik AG

ASSOCIATED COMPANIES

The following associated companies were entered in the balance sheet pursuant to equity method principles.

Company	Country Headquarters	Percentage of interest
KEK Anwendungs-systeme GmbH	Germany	30.00 %

GROUP COMPANIES NOT CONSOLIDATED

SoftM Verwaltungs GmbH which was not posted in the balance sheet in the previous year was merged with SoftM Software und Beratung AG.

ACQUISITION AND CAPITAL CONSOLIDATION

Capital consolidation has been undertaken according to IFRS 3 by the purchase method, whereby the so-called book value method was applied. Here, acquisition costs for investments were netted against the book value of the pro-rated portion of the subsidiary's equity on the day of acquisition. In the case of gradual acquisition of shares, separate initial consolidation is made for every new stake acquired.

Remaining active counter balancing claims from capital consolidation were posted as goodwill in the Group balance sheet. The depreciation for goodwill was no longer according to schedule but is subject to a recoverability test yearly in accordance with IFRS 3.

DIVESTMENT

The total holding in Softm Polska Sp.zo.o. were sold on July 1, 2009. In addition the stake SoftM Czech Republic s.r.o. was sold. on August 31, 2009. Deconsolidation took place at the time of respective divestment.

K€ 74 in proceeds were realized as a result of divestment which effected the financial and result situation in the following manner in 2009:

Divested Assets/debts	K€
Cash and Cash equuivalents	136
Fixed Assets	1
Inventory	0
recevables	58
Provisions	-38
Liabilities	-72
Accruals	1
Divested Assets/ Debt	86
Realized Price	74
Divestment Loss	12

The divestments effect on taxes was negligible.

EQUITY CONSOLIDATION

The shares in associated companies were entered in the balance sheet according to the equity method. Associate companies were considered to be those companies which were listed in the consolidated financial statement and had either a direct or indirect stake between 20% and 50%, thereby gaining considerable influence in day-to-day business dealings of aforementioned companies. Acquisition costs of the stake were raised yearly or lowered by the share of the corresponding change in equity of the holding company and entered into the balance sheet according to the equity method. The cost differential from the initial consolidation arising from the first time inclusion according to the equity method were dealt with according to the principles of full consolidation. In the following years there will be, as a result, subsequent consolidations affecting income, which will be specially posted in the income statement under "effecting equity stake".

In line with the principals of IAS 36 (impairment of assets) the investment book value is to be subject to the so-called impairment test at least once a year. The basic fundamentals of the implementation of the impairment test can be taken from the immaterial assets. In as far as the equity book value is to be reduced as a result of the impairment test, the unplanned depreciation will be posted under equity stakes.

The balance sheet and valuation methods used by associated companies correspond substantially to the employed uniform Group methods.

An interim consolidation of profits with associated companies was dispensed with due to negligibility.

As soon as the significant effect on the associated company is, e.g. through divestment, the application of the equity method ceases. The result from de-consolidation is determined by the difference between the divestment proceeds and equity value at the time of divestment. It is posted under other operating revenues, or respectively, costs. A 49% stake in d.velop Scweiz AG was divested in September 2009.

CONSOLIDATION OF EXPENSES AND INCOME

The consolidation of incomes and expenses resulted in the settlement of inter-company invoiced expenses (e.g. license fees, consulting service revenues), with the result that sales revenues were settled against the cost of materials and other operating expenses. Due to the consolidation of revenues and expenses with allied companies, the Group income statements shows only those revenues and expenses which resulted from transactions with "third parties". In this regard, associated companies are also deemed to be third parties.

Profit distribution, or respectively profit transfers, of subsidiaries to SoftM Software und Beratung AG were consolidated with corresponding dividend liabilities. Profit transfers and loss assumption was eliminated as well.

CONSOLIDATION OF LIABILITIES

As part of the consolidation of liabilities receivable and liabilities within the SoftM Group were balanced.

ELIMINATION OF INTERMEDIARY PROFITS

Profits and losses were eliminated in as far as they were the result of transactions between consolidated companies.

D. ACCOUNTING AND VALUATION POLICIES

The consolidated financial statement has been prepared in line with Group-wide uniform accounting principles on the basis of the annual financial statements as of Dec. 31, 2009 of the included companies, which were compiled in line with Group accounting standards.

The individual annual financial statements were – where necessary – adjusted for the purposes of Group accounting in accordance with the accounting principles of the IFRS.

The accounting and valuation principles used in the consolidated financial statements adhered to the fundamental accounting jconsolidated financial statement has been prepared in line with the principle of accounting period in question and with the going-concern principle. Attention has been paid to the principles of comprehensibility, completeness, comparability, as well as to due economic and circumspect consideration. We have considered all risks and losses if they occurred prior to the balance sheet date, even if these first became known between the date of the balance sheet and the date on which the accounts were compiled. Profits have only been considered if they were realized on the date of record or if their realization could be regarded as sufficiently probable.

Assets have been included to the extent they represent a future economic benefit in the form of direct or indirect cash flows. Debts and provisions have been entered as liabilities to the extent that the company currently has third party obligations.

Assets and debts are entered and valued as of the balance sheet date, as well as in line with principle of individual valuations.

REVENUES

Revenues were realized after the payment of taxes and any sales reduction at the moment of transfer of peril or respectively at the rendering of service. A precondition for the trading statement is that it can be ascertained with sufficient probability that the market transaction will result in economic benefit. Contractually agreed to payments for services not yet rendered will be shown as liabilities as "received payments" up to the moment of the rendering of the service. A realization of revenues is effected in this case only with the successful rendering of service. Customer prepayments pertaining to specific periods of time in the future (especially maintenance revenues) will be posted as accrued and deferred items.

The realization of revenues from project contracts for the implementation of software for which a fixed price had been agreed upon were made in accordance with IAS 11 corresponding to their degree of completion. The degree of completion was ascertained according to the generated performance. As of Dec. 31, 2009 there was one major project to be entered in the balance sheet in accordance with this method. An adverse balance will be posted under debts.

FINANCIAL ASSETS

Financial assets include: granted credits, receivables, debt certificates, acquired own equity and cash and cash items reserves. The SoftM Group has no derivative financial instruments at the present.

Balancing and valuation of financial assets are carried out in accordance with IAS 39 (financial instruments: recognition and measurement). In accordance thereof financial assets are posted in the Group report when the SoftM Group has a contractual right to receive cash or other financial assets from another party. The first inclusion of financial assets is effected at current value minus transaction costs. Non-interest bearing or low-interest bearing receivables are valued at cash or cash equivalent or at the expected future accrual of cash or cash equivalent. Subsequent valuation is in accordance with assignment of the financial assets to the following categories:

- **Effective at accompanying date** appraised financial assets include such as are being held for trading purposes. The SoftM Group owns securities which can be assigned to this category. Changes in the ascribed value will be via a adjustment and will be recognized at stock market price on the day of record.
- **Credits and receivables** are non-derivative financial assets, which are not listed in an active market. Credits and receivables are valued at listed cost of acquisition. Cash and cash equivalents, receivables from deliveries and services, receivables from associated companies, as well as other receivables and other investment comprising receivables and loans are assigned to this evaluation category.
- **Investments which are to be held to final maturity** are non-derivative financial assets with fixed payments or fixed maturity which are to be correspondingly held. These are valued at listed cost of acquisition and posted under other receivables and other assets. SoftM has no corresponding financial assets at the present time.

- **Disposable financial assets for disposition** encompass those non-derivative financial assets, which are not assigned to one of the aforementioned categories. This was, in particular, on the day of record of the previous year equity securities, which were posted in financial assets. This is strictly to be recorded at recognized value. Changes in recognized value (before divestment) will therefore be posted not effecting net income in own equity. Since no market price or no reliable estimate of the current value can be made for the own equity securities posted here, these financial assets will be recorded at the cost of acquisition minus depreciation expenditure.

The own equity is comprised of shares in un-consolidated companies, whose assets and debts in the merger process were passed over in 2009. Thus, softM was not obligated to record this asset value on the day of record.

If loss of value is suspected for financial assets in the last three categories they are to be examined for devaluation of asset value. If this is the case, an adjustment to correspond to the change is to be undertaken. If the basis for the employed depreciation is abolished, corresponding revaluation up to a maximum of cost of acquisition is undertaken. No appreciation will be undertaken only for the sale of available own equity titles. Financial assets will be abandoned when contractual right of payment ceases to exist or the financial assets with all risks and chances are transferred.

CAPITALIZATION OF DEBT CAPITAL COSTS

Capitalization of debt capital costs in connection with the acquisition of and the production of qualified assets was not applicable in business year 2009.

INVENTORIES

Inventories are in accordance with IAS 2 (Inventories) are those assets, which are kept to be sold in the normal course of business. Merchandise posted under inventories is valued at procurement price or, respectively, at lower current value. Inventories also include work in progress. This refers to client specific orders to develop and/or install individual or standard software and, which on the day of record had not yet been completed or delivered. The items have been valued at the product cost incurred. Production costs also include, in addition to the individual costs of the commensurate parts, the necessary material and production costs. Management costs were also included, in as far as they could be attributed to the production process.

Guarantee retention was not agreed upon for long-term contracts.

OTHER RECEIVABLES AND LIABILITIES, ACCRUED AND DEFERRED ITEMS

Accruals and deferrals, prepayments, as well as non-financial assets and liabilities are entered in the balance sheet as on-going procurement costs. Termination is carried out according to performance or linearly. Termination of accrued and deferred items is with the exception of deferred sales tax are time-based.

INTANGIBLE ASSETS

Software acquired against payment is carried in line with German commercial principles at purchase price less scheduled depreciation. Linear depreciation of support software and PC user programs is charged across the customary business life of three years, acquired license programming which directly serves sales goals is guided by a business life of three years. Depreciation of capitalized development costs is undertaken for a period of up to five years.

Development expenses for self constructed Group software are capitalized to the extent that the conditions (identifiability, power of disposal, future economic benefit set out in IAS 38 have been met. This is the case to the extent that outlays serve to create new software functionalities. By contrast, expenses for basic research and software maintenance of existing functionalities are considered on-going expenses. Depreciation of capitalized development costs follows a timetable of three to five years.

Intangible assets are subject to, in accordance with IAS 36, a so-called impairment test at least once a year (for method see goodwill).

GOODWILL

The item goodwill arises from company acquisitions. Goodwill from capital consolidation is also posted here. Goodwill resulting from company mergers will after business year 2005 no longer be depreciated on schedule in accordance with accounting standard IFRS 3 (business combinations). Goodwill, which resulted from company mergers taking place after the day of record, December 31, 2004, employs the new accounting standard IFRS 3 (business combinations). Goodwill depreciation accrued before will be calculated by historical procurement costs. The established book value will be attributed to cash generating units. The assignation of the strategic business units will be adapted to the new Group organization and defined on the basis of production. Here, first and foremost, a distinction will be made between product development areas (developcenter) and regional direct marketing and project areas for the software products. In addition, the system integration unit will be run as an independent business unit.

In accordance with the principles of IAS 36 (impairment of assets) Goodwill must be subject to a so-called impairment test at least once a year. In this case the asset value of the cash generating units is to be compared with the achievable absolute value (net sale proceeds, or respectively, amount of revenue). If the achievable absolute value is lower than asset value a goodwill depreciation will be executed. A possible remaining balance reduces the other assets of the corresponding strategic business units. The adjustment is posted in the net income statement under depreciation of fixed assets.

The achievable sum will be calculated as the cash from future cash flow resulting from on-going utilization until the end of utilization of the cash generating unit. The forecast of payments is based on the actual Group planning and takes into consideration a period of four years where estimates will be made, in particular, using sales volume and prices, as well as costs. Payment flows scheduled after the planned period do not take growth rate into consideration.

Capital costs are determined as a weighted average of own and debt equity costs. The determination of own capital costs employs the capital asset pricing model. Debt capital costs are determined by the long-term financial conditions of the company. Both factors are derived from capital market information and are based on assumption and estimate concerning business specific capital costs. The applied rate of interest for discounting the series of payments is 8.3% (previous year 8.9%). This corresponds to a pre-tax rate of interest of approximately 10.9% (previous year 11.8%).

In business year 2009 unplanned depreciation of goodwill to the amount of K€ 2,055 was undertaken (previous year K€ 0).

TANGIBLE ASSETS

Tangible assets have been valued at acquisition cost, less scheduled depreciation. There was no cause to charge extraordinary depreciation. Scheduled depreciation is charged, as a rule, on a linear basis on the declining balance method(time depreciation), whereby in most cases a useful business life of three to five years is the guiding principle.

When fixed assets are sold, decommissioned or scrapped, the profit, or respectively the loss, will be posted as a difference between the net sales proceeds and the residual book value under other revenues, or respectively expenditures.

The existing possibility of a new evaluation of fixed assets according to IFRS was not taken advantage of.

STAKES IN ASSOCIATED COMPANIES

Stakes in associated companies were balanced and valued according to the equity method; compare implementation to consolidation principles.

TAXES

The individual levied taxes on taxable profit, as well as changes in tax deferral and accrual will be posted as income tax. The actual taxes will be posted at the amount of estimated taxes to be paid.

Deferred taxes are calculated in line with IAS 12 (income taxes). Deferred taxes are determined by timing differences between the value shown by assets and liabilities in the business tax and tax statements, consolidation processes, as well as realizable losses brought forward. The calculations are based on the individual tax rates of the companies in question in as far as they are foreign companies.

Active deferred taxes on temporary differences and tax losses brought forward will be activated to the extent that it is probable that an actual utilization of loss brought forward is sufficiently certain, or in so far as deferred tax asset are offset by a sufficient amount. Calculations are based on the expected rate of taxation at the time of realization. The valid or adopted regulations on the day of record will be the basis for consideration. Tax claims and liabilities will be balanced in so far as they are claims and liabilities against the same tax authorities. Changes in active and passive deferred taxes due to changes in the tax rates will be posted affecting net income. Recoverability of active deferred taxes is evaluated on the basis of individual company prognostications of their revenue positions.

OTHER PROVISIONS

Provisions will be formed for all liabilities resulting from past events of which their due date or amount of debt is uncertain. Their value ensues with the sum, which is based upon the best possible estimate necessary for the discharge of the liability. Accruals are not discounted (IAS 37.45) as, almost without exception, they are of a short-term nature(due date within one year).

The delimiting of other accruals and "accrued obligations" in accordance with IAS 37.11b follows the procedures of the previous years and, in case of doubt, in favor of an entry listed under provisions, in order to allow the comparisons with the previous year's annual financial statement

FINANCIAL LIABILITIES

Financial liabilities are comprised of original liabilities and the negative adjusted value of derivative financial instruments. At the present, SoftM has no derivative financial instruments.

Original liabilities are posted in the Group accounts, when the Group has a contractual obligation to pay another party either currency or other financial assets. The initial inclusion of original liability is carried out at adjusted value of the obtained service or good, or respectively the value of the obtained cash assets less transaction costs. Subsequent valuation of liabilities is carried out at given cost of acquisition utilizing the effective rate of interest method.

Financial liabilities are removed from the books when the contractual obligation is settled, cancelled or expires.

E. CURRENCY CONVERSION

In the individual transactions of Group companies, all receivables and liabilities which were posted in a currency that was not the functional currency, were assessed with the exchange rate on the day of record.

The annual statements of foreign Group companies outside the Euro zone were, in accordance with IAS 21 pertaining to the concept of functional currency, converted into Euro. The only foreign companies in the Annual Financial Report of the SoftM Group that had to be included were the subsidiaries in Switzerland, SoftM Software und Beratung AG and Solitas Informatik AG. The currency of the country (SFr) was to be regarded as functional currency, since the companies conducted their business from a financial, economic and organizational aspect independently. The subsidiary SoftM Czech Republic and SoftM Poland were treated in the same manner for reasons of simplification.

Assets and liabilities of the foreign companies (with foreign currencies) were, therefore, converted at the spot price on the day of record, income and expenditures were converted by means of a yearly average. Subscribed capital was converted at the historical rate of exchange at the point of its respective successful acquisition by the Group.

The differential, which resulted from the spot price on the day of record were posted under equity capital separately as an "adjustment item as foreign currency conversion". Under equity capital during the group affiliation, compiled currency discrepancies of companies leaving the Group were settled with no effect on the consolidated operating result. In year 2009 the consolidated companies SoftM Czech Republic and SoftM Poland were divested. The currency discrepancy was settled affecting net income. In year 2009 the net profit from currency discrepancies amounted to K€ 57 (previous year costs K€ 163)

The exchange rate for **Swiss Franks** into euro as follows:

Rate on day of record:	1 € = 1.5021 Sfr	(previous year 1.5393)
Average rate:	1 € = 1.5099 Sfr	(previous year 1.5871)

The exchange rate for **Czech crowns** into euro as follows:

Rate on day of record:	1 € = CZK 26.0890	(previous year 26.1200)
Average rate:	1 € = CZK 26.4548	(previous year 24.9590)

The exchange rate for **Polish zloty** into euro as follows:

Rate on day of record:	1 € = Pzl 4.1439	(previous year 4.0044)
Average rate:	1 € = 1 € = Pzl 4.3298	(previous year 3.5151)

F. BALANCE SHEET STATEMENT

(1) CASH AND CASH EQUIVALENTS

in K€	Dec. 31, 2009	Dec. 31, 2008
Cash and cash equivalents	5	6
Bank balances	405	2,716
	410	**2,722**
- of which not available in frozen accounts	259	257

In the previous year almost liquid financial resources were posted under liquid assets. In accordance with IAS 1 2007, they will now be posted under "cash and cash equivalents".Almost liquid financial resources will now be found under the separate posting "securities". The previous year's given information will be adjusted. Cash and bank balances on the day of record came t0 K€ 410 (previous year K€ 2,722).

(2) ACCOUNTS RECEIVABLE FROM GOODS AND SERVICES

Accounts receivable as of Dec. 31, 2009 from goods and services amounted to K€ 5,966 (previous year K€ 12,252). K€ 2 of this amount in the previous year was receivables against associated companies.

Necessary valuations have been determined for probable risks and are calculated at K€ 1,518 (previous year K€ 893). The increase in the value adjustment totalingK€ 625was compiled from expensed additions (K€ 886) minus dissolutions and availment (K€ 257) as well as currency changes (K€ 4). All accounts receivable are due within one year. Receivables to the amount of K€ 68 were being renegotiated after the day of record.

Contained within receivables from goods and services are receivables from work orders to the amount of K€ 156 (previous year K€ 0.

Receivables show the following age distribution:

Due date in K€	up to 3 Months	up to 6 Months	up to 1 year	over 1 year	Dec. 31,2009
Receivables	6,040	114	375	887	7,416
plus Debtors with balance					68
minus value adjustment					-1,518
balance sheet disclosure					**5,966**

(3) SECURITIES

In this posting listed securities, which are held for trading purposes will be reported and valued at fair value of K€ 37 (previous year K€ 31).

(4) INVENTORIES

Inventories are composed as follows:

in K€	Dec.31,2009	Dec.31,2008
Merchandise	133	160
Work in Progress	37	10
Payments Made	0	6
	170	**176**

In the valuation of the system integration segment as of Dec. 31, 2009 a value adjustments of K€ 22 (previous year K€ 40) was necessary. The value adjustment necessity was reduced by K€ 18 compared to the previous year and was deducted from material costs.

(5) RECEIVABLES FROM ASSOCIATED COMPANIES

Receivables against associated companies to the amount of K€ 137 affected in its entirety receivables from deliveries and services. The previous year's disclosure applied to the sale of own shares.

(6) OTHER RECEIVABLES AND ASSETS

The postings are as follows:

in K€	Dec.31,2009	Dec.31,2008
Tax refunds	398	300
Reimbursement	0	193
Loans	15	0
Receivables from associated companies	94	134
Debit creditors	4	33
Other	97	307
	608	967

The tax refund claim predominately affected corporation tax credits and sales tax.

In receivables against associated companies there is a loan to the amount of K€ 94. In 2010 repayment to the amount of K€ 28 is expected, which will be posted under current assets.

Listed under other receivables are pre-tax claims for subsequent years to the amount of K€ 8 (previous year K€ 8),

(7) CAPITALIZED ACCRUED AND DEFERRED ITEMS

Accrued and deferred items are anticipated to be dissolved to the amount of K€ 122 (previous year K€ 228) in 2010. They are comprised of deferred charges.

(8) INTANGIBLE ASSETS

Intangible Assets have developed in the business year as follows:

in K€	Intangible asset value acquired against payment	Capitalized development costs	Goodwill	Total
Gross value 01.01.2009	14,546	8,949	11,226	33,314
Currency changes	1	0	0	1
Group change	0	0	0	0
Investments	145	1,450	0	1,595
Disposals	-132	0	0	-132
Gross value Dec. 31, 2009	14,560	10,399	11,226	34,777
Depreciation Jan 1, 2009	10,945	5,598	690	15,825
Currency changes	0	0	0	0
Group changes	0	0	0	0
Depreciation 2009	1,478	784	2,055	4,317
Disposals depreciation	-131	0	0	-131
Depreciation Dec. 31,2009	12,292	6,382	2,745	20,011
Book value Dec. 31, 2009	2,268	4,017	8,481	14,766
Book value Dec. 31, 2008	3,601	3,351	10,536	17,488

The listing of purchased intangible assets is, for the most part made up of purchased user software, which was used for the realization of licensing and consulting revenues. Here a limited useful life expectancy is assumed.The depreciation is scheduled and linear based on a service life of three to five years.

The listing of **purchased intangible assets** includes book value in the amount of K€ 2,157 (previous year 3,023) for the acquired software rights for the Semiramis product. They have a remaining economic life of 23 months.

In business year 2009 the SoftM Group expenditure for software development came to € 9.7 million (previous year € 9.3 million). Of this amount K€ 1,450 (previous year K€ 2,400) was capitalized. The valuation of **capitalized development costs** was done on the basis of cost accounting of established hourly wage for employed development engineers. In the fiscal year 2009 some 27,200 (previous year 46,280) development hours were activated as assets at an average rate of€ 56.75/hour (previous year € 56.75/ per hour). Depreciation on the sums entered as assets for the respective year for in-company produced standard software products is charged from the beginning of asset utilization on the market on a straight line basis over three (old products), or respectively 5 years (new products) and listed as disposed following exhaustion of depreciation.

The in business year 2009 capitalized amount for development costs of K€ 1,450 (previous year K€ 2,400) are balanced by capitalized development cost of T€ 784 (previous year K€ 3,970).

Since carrying development expenses as assets leads to a difference in taxable income and earnings according to IFRS and the difference in income is of a temporary nature owing to the charge amortization on the capitalized software, the difference has been considered when calculating the scale of deferred taxes.

The item for **goodwill** arises primarily from company consolidation, whereby goodwill from capital consolidation lists goodwill from company acquisition in the form of so-called asset deals.

The following cash generating company units were assigned the following amount:

Cash generating business unit	Goodwill in K€
Software development	3,873
Solutions (regional marketing and consulting)	4,608
System integration	0
	8,481

Due to the conducted impairment test mandated by IAS 36, there were unplanned goodwill depreciations to the amount of K€ 2,055 written off for business year 2009.

(9) FIXED ASSETS

Fixed assets have developed as follows:

K€	Technical equipment	Other equipment and business fixtures	Total
Gross value Jan. 01, 2009	4,231	1,628	5,859
Currency changes	7	2	9
Consolidated Group changes	-41	-5	46
Transfers	0	0	0
Investments	121	50	171
Debits	-1,164	-188	-1,352
Gross value Dec. 31, 2009	3,154	1,487	4,641
Depreciation Jan. 1, 2009	3,665	1,331	4,996
Currency changes	5	2	7
Consolidated Group changes	-40	-5	-45
Transfers	0	0	0
Depreciation 2009	333	104	437
Debits	-1,026	-177	-1,203
Depreciation Dec. 31, 2009	2,937	1,255	4,192
Net value Dec. 31, 2009	217	232	449
Net value Dec. 31, 2008	566	297	863

In the course of the sale of consolidated companies acquisition and manufacturing costs have been recorded to the amount of K€ 46, or respectively, book value to the amount of K€1 as debit.

There are no third party restrictions on disposal in regards to the fixed assets.

(10) STAKES IN ASSOCIATED COMPANIES AND OTHER FINANCIAL ASSETS

Financial assets have developed as follows:

in K€	Associated Companies	Other financial assets	Total
Gross Value Jan. 01, 2009	**54**	**27**	**81**
Appreciation/depreciation			
Result portion	-9	0	-9
Depreciation	0	0	0
Debit	0	-27	-27
Net Value Dec. 31, 2009	**45**	**0**	**45**

Under the "at equity" posted stakes in associated companies there was a 30% stake in joint sock a company.

The difference between the posting in net assets of the associated companies and the equity book value amounts to a total of K€ 90 and is the result of acquired goodwill.

The following tables summarizes the aggregated parameters from the balance sheet and net income statements of associated companies. The previous year's statements encompass two associated companies which a stake was disposed in the reporting period.

in K€	Dec.31,2009	Dec.31,2008
Non-current assets	3	16
current assets	198	403
Long-term debts	65	0
Short-term debts	287	667
Own equity	-150	-248
SoftM share in own equity	-45	-99
Revenues	986	1,462
Annual result	-31	12

Included in other financial assets is the stake in an unconsolidated associated company. It was merged with the SoftM AG in business year 2009. This resulted in an accounting loss to the amount of K€ 3.

(11) DEFERRED TAXES

Other assets including **deferred tax claims** from **unused capitalized tax losses** brought forward amounting to **K€ 1.520** were capitalized. They apply to foreign subsidiaries to the amount of K€ 14 (previous year K€ 75) and to the amount of K€ 1,506(previous year K€ 0) in the scope of consolidation of Softm AG. The losses brought forward – irrespective of the probability of use of loss in the following year – were capitalized, in as far as they were covered by deferred tax assets. During the previous year domestic losses brought forward as a result of changes in share ownership in accordance with § 8c of the Corporate Tax law Code were written off, or respectively not employed.

Due to a legal change, losses brought forward for business year 2008 were partially retroactively recognized. Capitalization of losses brought forward, due to uncertain revenue outlook, were only carried out to the extent of existing deferred tax assets.

Above and beyond that, capitalized tax claims for timing **differences** between the financial statement and the tax balance sheet were accumulated to the amount of **K€ 46** (previous year K€ 93). The total amount of capitalized deferred tax claims, therefore, was **K€ 1,566** (previous year K€ 168).

(12) LOANS

Financial liabilities were as follows:

in K€	Total	due up to 1 year	due 1 to 5 years	due over 5 years
loans	0	0	0	0
Short-term loans	1,500	1,500	0	0
	1,500	**1,500**	**0**	**0**

Loans were secured as follows:

in K€	General assign-ment	Assign-ment as security	Hypo-theca-tion	Total
Loans	0	0	0	0
Short -term loans	2,426	108	259	2,793
	2,426	108	259	2,793
	2,426	**108**	**259**	**2,793**

The loan to the amount of K€ 2,500 which was taken in connection with the Semiramis acquisition and existed as of Dec. 31, 2009 was liquidated to the full amount. Liquidation to the amount of K€ 1,250 was planned and K€ 1,250 was an unscheduled repayment. The weighted average of interest was 6.3% (previous year 9.1%.)

Short-term financial liabilities to the amount of K€ 1,233 were overdrafts and K€ 267 serve the pre-financing of customer accounts receivable in the system integration segment and are with the IBM Credit Bank. Interest for the overdrafts was 2.5%. The collateralization was via bank guaranty at the inducement of Comarch S.A., Krakow. The granting of credit by IBM is carried out interest free up to 45 days, after the 46th and until 75th day an interest rate of 3.5% above base rate will prevail.

The collateral refers to short-term financial credits, after the loans had been paid in full.

(13) LIABILITIES FROM SALES AND SERVICES

Liabilities from sales and services are predominately owed to third parties and to the amount of K€ 26 (previous year K € 61) to associated companies.

(14) LIABILITIES TO ASSOCIATED COMPANIES

In the liabilities to associated companies (K€ 1,530) are liabilities to the amount of K€ 728 from deliveries and services which predominantly fall upon Comarch S.A. Furthermore, A short-term loan to the amount of K€ 802 (incl. interest liabilities) was granted to Comarch AG. The interest rate is variable and was 2.99% for 2009. The loan was completely liquidated at the beginning of 2010. Comarch S.A., Krakow has approved a credit stand-by, which is limited to the end of February, 2012.

(15) RECEIVED PAYMENTS

Received payments to the amount of K€ 45 (previous year 51) pertain to unrealized revenues.

(16) PROVISIONS FOR TAX ON EARNINGS

The provisions for (actual) taxes on earnings were prepared from individual annual statements adopted by the Group. There were no provisions made for actual taxes paid in 2009 due to losses.

The domestic subsidiaries have consolidated tax filing status with the parent company SoftM Software und Beratung AG. The consolidated tax had a negative tax result. No provisions were made.

Foreign companies formed no provisions as well in 2009.

Provisions were as follows:

in k€	Jan. 01, 2009	Currency change	Use	Dissolution	Injection	Dec. 30, 2009
Tax	350	2	-352	0	4	0

(17) OTHER PROVISIONS

Other provisions have developed as follows:

in K€	Jan. 1, 2009	Group Changes	Currency Changes	Utilization	Dissolution	Injections	Dec.31, 2009
Staff	3,677	0	1	-3,496	-189	3,099	3,092
Contributions	93	0	0	-60	-6	72	99
outstanding invoices	1,557	-5	1	-1,219	-129	346	551
long-term production contracts	106	0	0	-112	0	6	0
settlements	327	-1	0	-292	-36	235	233
Rent	200	0	0	-11	-27	42	204
Legal costs	55	0	0	-21	-1	107	140
Warranties	559	0	1	-383	0	409	586
Other	211	-28	0	-241	-118	266	90
	6,785	**-34**	**3**	**-5,835**	**-506**	**4,582**	**4,995**

The provisions for staff (K€ 3,092) pertain to outstanding vacation days and salary remuneration as well as performance based bonuses and profit sharing.

The provisions for outstanding purchase invoices (K€ 551) cover not yet received supplier invoices whose already received revenues are faced in the business year. K€ 233 was earmarked for costs connected with the annual accounts (internal and external annual report and audit fees, tax preparation and the Annual General Meeting). Provisions for office workspace (K€ 204) cover expenditures for re-conversion and renovation commitments. Legal cost provisions (K€ 140) were formed for lawyer and court costs for ongoing legal proceedings.

The provision for warranties (K€ 586) was formed for subsequent improvements made at no charge for settled projects and other warranty commitments for the year 2009. The calculations were based on past experience by means of a percent weighted approach subject to warranty claims sales revenues of the past business year. For the licensing and consulting a percentage of 1% and for the hardware sector a percentage of 0.25% was calculated. In addition provisions for individual guaranty cases were built.

Legal Risk

The SoftM Group is subject to legal risk. Especially risks pertaining to damage claims as well as counter claims in connection with assertion of payment claims.

In three legal proceedings claims have been filed against SoftM in connection with consulting projects. In an additional project out-of-court damage claims have been made without an amount for damages stated as yet. SoftM is convinced that it has good arguments to refute the claims which have been made. Balance sheet precautions have been taken in order to meet expected defense costs. In a further case, in addition to expected legal costs, balance sheet risk precaution measures have been taken as well as in case of a negative outcome.

Non-judicial disagreements exist between SoftM and a development partner as to whether the respective other partner failed to meet certain duties of the development contract. If a partner fails to meet his duties, the contract specifies under certain specific conditions an extraordinary right of contract termination in favor of the other partner, which in case of cancellation will have negative judicial consequences for the terminated partner. SoftM is certain that it has fulfilled its contractual obligations.

(18) OTHER LIABILITIES

Other liabilities are as follows:

in K€	Dec.31,2009	Dec.31,2008
Liabilities to employees	29	88
Tax liabilities	397	758
Social Security liabilities	50	97
Other	142	259
	618	1,202

The liabilities for taxes include, in addition to those amounts for which Group companies are liable, also payments made for third parties.

In other liabilities are included debtors with credit balances to the amount of K€ 68.

(19) PASSIVE ACCRUED AND DEFERRED ITEMS

Accrued and deferred items K€ 9 (K€ 7) will be dissolved to their full extent in the net income statement in 2010.

(20) PROVISIONS FOR DEFERRED TAXES

Provisions for deferred taxes had to be formed for differences in earnings by the Group companies subject to tax and Group income for the period calculated in line with IFRS regulations. The provisions decreased by K€ 19 to K€ 1,566 in the reporting period.

As, in the course of time, differences in income that have thus arisen will be offset, these can be considered so-called timing differences for which tax provisions will be created in order to enable clear period by period deferral of the tax expense.

The difference in performance is based exclusively on the **capitalization of development costs** for in-house standard software. In the reporting period there was a book value increase of K€ 666 and deferred tax yield of K€ 212. The balance of passive tax latency from development costs amounting to K€ 1,282 (previous year K€ 1,069).

Additionally, there were allowance differences due to **debt consolidation** of K€ 8 (previous year K€ 4)receivables from partial realization of transfer profits (K€ 84), as well as other timing differences **from tax deductible goodwill in the individual balance sheets** of K€ 193a (previous year K€ 509) which needed to be posted as deferred tax liabilities.

There were deferred taxes not effecting income resulting from currency conversion to the amount of K€ 1 (previous year deferred tax assets K€ 3). The change of K€ 2 impacted negatively and was posted in other results.

(21) OWN EQUITY

Own Equity, or respectively the Group Capital and Reserves Statement encompasses "subscribed capital", "capital provisions", "balance sheet profit" and "adjustments from foreign currency conversion".

The term "balance sheet profit, first noted in business year 2009 corresponds to generated own equity in adherence to the guidelines of the German financial accounting standards DRS 7. Company own equity as of Dec. 31, 2009 was € 11.691 million.

The most important goal of finance management is the sustainable increase of company value, as well as the safeguarding of liquidity and credit worthiness of the Group. Reduction of capital costs and increasing cash flow are main contributors in this regard as is the optimizing of the capital structure. **Capital management** encompasses own capital and received debt capital from credit institutions based on the credit rating of the credit giving banks. In order to successfully implement this strategy, current cash flow from the previous business year was primarily employed to repay loans. An increase in own equity was carried out in 2008 in order to strengthen capital and long-term financing from investments. In this manner, € 4.9 million in funds (minus transaction costs) was raised. As a result of unfavorable economic developments, own equity was reduced significantly in 2009. The SoftM Group is not subject to any statutory capital requirements.

The **"subscribed capital"** of the parent company is composed of 6,480,000 individual shares. In November of 2008 the subscribed capital of the company was increased from € 4,980,000 to € 6,480,000 by the issuing of 1,500,000 new bearer shares. Each share unit has an accounting par value of one Euro. It is exclusively comprised of ordinary shares. Stock market authorization was not requested for new shares. There were no changes in subscribed capital in 2009.

The Annual General Meeting on June 19, 2008 authorized an increase in share capital either in one tranche or several up to a maximum of K€ 2,490 by the issuance of new bearer shares in exchange for cash and or a capital increase in return for shares **(Approved**

Capital 2008) was approved for a limited time up to June 18, 2013 at the same Annual General Meeting. The Management Board is empowered with the approval of the Supervisory Board to stipulate additional details of the capital increase resulting from the approved capital 2008, especially the provisions of the share rights and the conditions of issuance. The Management Board exercised this right and decided upon a capital increase of K€ 1,500 on November 13, 2008. This was approved by the Supervisory Board on November 13, 2008 and implemented (see execution of subscribed capital). The Approved Capital 2008 is after partial deployment of the undertaken capital increase remained unchanged at K€ 990 as of December 31, 2009.

Additionally, the Management Board with agreement of the Supervisory Board was authorized until June 18, 2013 to issue convertible bonds or convertible option bonds with or without time constraints to the maximum amount of K€ 10,000 and to bestow on the bearer or holder of bonds rights of conversion or option to a total of up to K€ 2,490 to the holder of bearer shares of SoftM AG on a proportionate basis of the equity capital in accordance with the details of the provisions of the convertible or option bonds. In this manner an increase in capital of K€ 2490 was created. This authorized increase in capital will only be realized to the extent that holders or creditors of issued conversion or option rights exercise these rights or are obligated to conversion. There were no convertible bonds or convertible debenture stock issued as of Dec. 31, 2009.

The Management Board with agreement of the Supervisory Board was authorized to issue profit sharing rights until June 14, 2012 in accordance with AGM resolutions and to correspondingly set conditions for these profit sharing rights. The retention period of the profit sharing rights will be up to 15 years. The total nominal value of the subscribed profit sharing rights may not exceed K€ 12,000. Those profit sharing rights exercised by this authorization do not incorporate conversion privileges or option rights to SoftM AG shares. Shareholders may not exercise profit sharing rights via options. There was no utilization of these rights in business year 2009.

Capital provisions contains the premium received from the issuing of options rights and shares by SoftM AG. The capital increase in Nov. 2008 resulted in par value of € 3.45 per share. With a total of 1,500,000 issued shares there was an allocation to the amount of K€ 3,675 to the capital provisions. The transaction costs of K€ 263 associated with the capital increase were, in accordance with IAS 32.25, were charged to capital provisions. In the current business year the Group deficit has been charged against capital provisions to the amount 0f K€ 12,152.

The company sold all its **own shares** (176,011) at a price of K€ 607 in business year 2008. The acquisition cost of own shares came to K€ 1,520 and was in accordance with IAS 32.33 posted in the balance as a deduction from own capital. The sales loss of K€ 913 was deducted from capital provisions.

Capital provisions, therefore, amounted to K€ 1,414 on Dec. 31, 2009.

On Dec. 31, 2009, the **Group balance sheet profit of** K€ 3,790 includes the total year's result for the companies included in the Group ("earned surplus", "balance sheet profit/loss" "profit/loss brought forward"), in as far as the result was not distributed. The balance sheet profit was strengthened by withdrawals from capital provisions. The withdrawal from capital provisions was carried out in the annual financial statement of the SoftM Software und Beratung to cover the balance sheet loss.

Of the balance sheet profit of K€ 3,790 on Dec. 31, 2009 an amount of K€ 1,373 is available for distribution. This corresponds to the balance sheet distributable own equity from the retained earnings of SoftM Software und Beratung AG.

For the composition and development of the individual entries, one is referred to the "group capital and reserves" individual postings.

(22) ASSOCIATED PERSONS

Within the framework of normal business activities, the SoftM Group receives goods and services from numerous business partners.

Included among them are associated companies and the Comarch S.A., Krakow, or respectively its subsidiaries which are not included in the consolidated SoftM Group.

The following chart gives an overview for the scope of the transactions with the named companies and persons.

in K€	2009	2008
Sales and other revenues:		
Affiliated Companies	104	0
- Of which disposal proceeds from the sale of a consolidated company K€ 69 (previous year K€ 0)		
Associated Companies	57	221
Procurement of goods and services		
Affiliated Companies	722	0
- Of which research&development K€ 680 (previous year K€ 0)		
Associated Companies	293	422
Non-associated Companies	0	3
Supervisory Board Members	0	34

On the day of record the following significant receivables against and liabilities to the following associated companies or persons existed:

in K€	2009	2008
Receivables against associated persons		
Affiliated Companies	137	607
Associated Companies	94	134
Liabilities against associated persons		
Affiliated Companies	1,530	0
- Of which not collateralized: K€ 802 (previous year K€ 0)		
- Of which liabilities from deliveries and services K€ 728 (previous year K€ 0)		
Associated Companies	26	63
Non-associated Companies	0	25
Supervisory Board Members	0	12

(23) CROSS LIABILITIES AND OTHER COMMITMENTS

Other financial obligations resulting from rent and leasing arrangements totaled annually K€ 1,310 (previous year K€ 1,552). For the most part, rent and leasing pertain to motor vehicle rental and EDP equipment. These annual commitments arising there from came to K€ 786 (previous year K€ 728). As a rule, leasing contracts run from at least two to four years, and have no obligatory option to buy favoring the lessee and are fundamentally to be qualified as operate leasing.

The financial obligations pertaining to leasing according to time are shown as below:

in K€	Up to one year	From one to five years	Longer than five years
Obligations from Operating Leasing	786	802	0

There were no guarantees or other commitments.

(24) FINANCIAL INSTRUMENTS REPORT

Management of Financial Risks

The SoftM Group conducts its business for the most part in Germany, or respectively, in the Euro zone. In addition there are business being activities conducted in Switzerland. Herein arises a currency risk. The employment of derivative financial instruments designed to limit this risk has, been foregone.

In the following sections risks, i.e. risk management will be gone into more detail:

Credit Risks

SoftM credit risk arises from the fact that stated value of receivable assets could be affected if the business partners do not comply with their obligations to the full amount. The maximum contingency risk, therefore, encompasses the total amount of asset worth.

In order to minimize the credit risks, business is only done with customers of creditworthiness or in observance of set risk limits. In addition, large contracts in the system integration sector are increasingly only carried out with leasing companies, which shifts the credit risk, or respectively the credit assessment to the leasing firm. In addition, a stringent receivables and supervision management of bills receivable has been put in place in order to ensure the effective control of credit risks. A strict credit limit for all customers has been set as a matter of principle. Credit risk increased in the year 2009.

Due consideration was given to this development by an increase in risk prevention measures.

In the receivables area, risk concentration exists with sales partners in indirect marketing and large customers. This risk is confronted by making proportional payments during the project phase.

Liquidity Risks

The liquidity risk of being unable to meet current or future payment obligations due to a lack of cash or cash equivalents is monitored centrally by the SoftM Group. Liquid assets are held in order to ensure the ability to meet any and all financial obligations on schedule. Financial and liquidity demand is discharged by financial planning whereby due to received service revenue at the beginning of the year, finance need is structurally higher at the end of the year. Above and beyond that, reserves are maintained for unplanned expenditures and deficiency in receipts. Liquidity is mainly assured by the holding of cash accounts and time deposit accounts. The introduction of own equity was able to strengthen the financial power. The amount of financial resources was negatively impacted due to the unfavorable business climate in 2009, which resulted in the use short term financial credits being taken.

Ability to pay was assured by a credit commitment of the Comarch S.A.

Market Risks

Market risks entail risks that actual cash value attributed to or the actual cash flow of a financial instrument fluctuates due to changes in the market place. Market risks include currency risks, interest risks and other price risks.

Price Risks

Price risks in regard to financial instruments are almost non-existant. Price risks exist primarily with securities, which according to the amount can be classified as inconsequential.

Currency Risks

Currency risks arise when claims, liabilities, cash and planned transactions are not conducted, or respectively, will not be conducted, in the local currency of the company.

This is the case for the SoftM Group in as far as the Swiss subsidiaries factor revenues on a local currency basis and there are large currency fluctuations over a period of time.

Interest Risks

Interest, that is a change in value of a financial instrument (fair value risk) or the future payments from a financial instrument (cash flow risk) resulting from any changes in the interest market are predominantly to be found in assets and debts with maturity of over one year. Since there are a relatively small amount of long-term financial assets and debts in existence in business year 2009, hardly any such interest risks can be identified at SoftM at this time.

The Group is maintaining its liquid assets and liquid asset reserves in variable short-term interest, safe investments which are not subject to any mentionable currency fluctuations. Cash flow risks are eliminated by the variability of interest agreements.

Other financial assets in the long-term sector were primarily a loan to the amount of K€ 93 granted to an associated company which are secured by a lien and the personal security of the majority owner. Interest risk is deemed to be inconsequential for risk management.

In the external financing area, the Group has retired investment loans and overdrafts to a great degree (see sec. 10). On the day of record short-term financial credits at favorable conditions were taken out. These were countervailed and secured by associated parties outside the consolidated group. Loans in the sales financing area are non-interest bearing in the first 45 days and therefore contain no interest risks.

Balancing of Finance Instruments

The inventory of original finance instruments can be seen in the balance sheet and the explanatory annex. Financial instruments are valued in line with IAS 39 – in categories " held for commerce", "hold to maturity", "credits and claims", as well as procurement costs. For more details concerning the balancing of financial instruments we refer you to point D.

Since no derivative financial instruments are being presently employed, no statement concerning them is necessary.

The following table shows the individual financial asset value of each individual category of financial instrument and carries them over to a corresponding balance sheet position. Due to the predominantly short-term rate of maturity for cash and cash equivalents, receivables and liabilities from deliveries and services as well as remaining receivables/liabilities and other assets/liabilities, the book value on the day of record hardly varies from the adjusted value. A representation of actual cash value could be dispensed with.

	Valued at cost of acquisition carried forward	Non-financial assets/ liabilities		Valued at listed cost of acquisition carried forward	Non-financial assets/ liabilities	
in K€	Book value 31.12.09	Book value	Book value in balance sheet	Book value 31.12.08	Book value	Book value in balance sheet
Cash and cash equivalents						
Loans and receivables	410		410	2,722		2,722
Receivables from deliveries and services						
Loans and receivables	5,966		5,966	12,252		12,252
Securities posted at fair market value *)	37 *)		37	31 *)		31
Receivables against affiliated companies						
Loans and receivables	137		137	607		607
Other loans and other assets			608			967
Loans and receivables	202		202	581		581
Non-financial asets		406	406		386	386
Other financail assets						
Available for disposal	0		0	27		27
Total financial assets	**6,752**			**16,220**		
of which: loans and receivables	6,715		6,715	16,162		16,162
Loans						
Valued at listed cost of acquisition carried forward	1,500		1,500	5,827		5,827
Liabilities from deliveries and services						
Valued at listed cost of acquisition carried forward	2,321		2,321	2,314		2,314
Liabilities against affiliated companies						
Valued at listed cost of acquisition carried forward	1,530		1,530			
Advances received						
Valued at listed cost of acquisition	45		45	51		51
Other liabilities			617			1,201
Valued at listed cost of acquisition carried forward	171		171	368		368
Non-financial liabilities		446	446		833	833
Total financial liabilities	**5,567**			**8,560**		
of which: valued at cost of acquisition	5,567		5,567	8,560		8,560

*) All assets with the exception of the here listed securities were valued at the listed cost of acquisition carried forward.

Interest revenues (K€ 70, previous year K€ 102) were almost exclusively realized for redeemed loans and receivables. Interest expenditure K€ 97 (previous year K€ 418) was for servicing of received financial credits. Expenditures for depreciation are represented in sec.2.

In the previous year an investment book value of K€ 27, whose asset value and debts via merger loss under realization of merger loss of K€ 3 was transferred to the SoftM Group was contained in the other financial assets.

Securities were listed at fair value. A capital gain of K€ 6 was achieved.

G. INCOME STATEMENT

(25) REVENUES

Net sales have decreased from K€ 56,559 to K€ 38,895 thereby showing a decrease of over 30%.

The following chart shows the development of revenues according to categories:

in K€	2009	2008
Licenses	17,638	20,459
Software related services	13,721	17,473
Hardware related services	1,249	1,570
Hardware distribution	6,287	17,057
	38,895	**56,559**

Sales include revenues from long-term commissioned production to the amount of K€ I,343 (previous year K€ 922. Contract revenues are balanced by contract costs to the amount of K€ I,156 (previous year K€ 784). In total a profit of K€ I87 (previous year K€ 138) was realized in the business year. Received payment to the amount of K€ I,993 (previous year K€ 720) was realized in connection with these long-term production contracts.

(26) OTHER REVENUES

Other revenues (K€ 1,319) include revenues, which are not the result of normal business activity. They include rental contracts, insurance recovery, earnings from sale of fixed assets, revenue from liquidation of provisions, revenue from currency fluctuations, etc. Additionally, supplier bonuses which can not directly be assigned to the purchasing of goods and, therefore, can not be deducted from material costs are posted under other revenues. Revenues resulting from proceeds from the disposal of associated companies to the amount of K€ 29 and from the disposal of consolidated companies K€ 10 are posted in other revenues.

(27) INVENTORY CHANGES

Work in progress is found under the listing inventories and has increased from the previous year from K€10 to K€ 37, so that there was a change of K€ 27 to be posted.

(28) OTHER ACTIVATED SELF-CONSTRUCTED ASSETS

The other capitalized self-constructed assets pertain exclusively to capitalized development costs. The amount of capitalization was K€ 1,450 and decreased from the previous year's amount of K€ 2.400 by T€ 950. The capitalized amount of T€ 1.450 is balanced by last year's depreciation capitalized development costs of K€ 784, which are posted under depreciation of fixed and other intangible assets. In the previous year K€ 3,141 was allotted to extraordinary depreciation.

(29) EXPENDITURES FOR PURCHASED GOODS

Expenditures for purchased goods were mainly for hardware. Alongside, costs for acquisition of traded software products were posted. Bonuses relating to volume discounts and other discounts for ordered goods were directly discharged from the costs in as far as they can be attributed to the correct period.

in K€	Dec.31,2009	Dec.31,2008
Hardware	5,058	13,886
Software and Service of traded goods	1,733	2,958
Other	75	103
	6,866	**16,947**

(30) EXPENDITURES FOR PURCHASED SERVICES

Purchased third party services obtained by the Group are in the areas of software development aa well as customer consulting.

in K€	Dec.31,2009	Dec.31,2008
Consulting/Customer	3,300	2,326
Development (including development for customers)	1,310	739
	4,610	**3,065**

(31) PERSONNEL EXPENDITURES

Personnel expenditures decreased in the business year to K€ 23,000 (previous year K€ 26.136). Personal expenditures included wages and salaries in the amount of K€ 19,596 (previous year K€ 22,356), as well as social security payments and support payments of K€ 3,404 (previous year K€ 3,780 of which K€ 192 (previous year K€ 191 were pension benefits. KE 834 was allocated for severance pay, including parent company and Group.

The relevant number of employees in accordance with § 314 GCC was 355(previous year 386).

(32) DEPRECIATION OF FIXED AND INTANGIBLE ASSETS

Depreciation in the reporting period decreased by K€ 1,667 to K€ 4,754. They contain extraordinary depreciation to the amount of K€ 2,055 for goodwill.

The composition of depreciation amounts can be individually found in sec. 6 and 7 of the reported statement of assets.

(33) OTHER BUSINESS COSTS

Other business costs are as follows:

in K€	Dec.31,2009	Dec.31,2008
Rent	1,761	1,804
Operating Costs	2,045	2,296
Administrative Costs	1,810	2,457
Marketing Costs	2,707	3,061
Other	1,254	817
	9,577	**10,435**

Posted in other costs are "other" value adjustments for receivables to the amount of K€ 955 (previous year K€ 461). The net value adjustment expense is calculated after balancing with the decomposition of value adjustments (posted in other revenues) with K€ 843 (previous year K€ 355). In costs are contained losses from the sale of consolidated companies to the amount of K€ 22.

(34) NET INTEREST INCOME

in K€	Dec.31,2009	Dec.31,2008
Interest Revenue	70	147
Interest Expenditure	-97	-418
	-27	**-271**

Included in interest expenditures are payments for loans to the amount of K€ 81 (previous year K€ 321).

(35) INCOME EFFECTS ON STAKE IN EQUITY

Group loss from equity investment amounts to -K € 9.

(36) TAX ON EARNINGS

Tax on earnings or owed taxes are paid on income and revenue, as well as deferred tax accruals in the individual countries.

For 2009 the applicable tax rate of 15.8% (previous year 15.8%) in Germany has been applied. Once business tax has been taken into consideration, the result is an average weighted domestic tax for the SoftM Group of 31.9% (previous year 31.9%).

Real tax expenditure amounted to K€ 5 (previous year K€326). In addition, latent deferred taxes came to K€ 1,415 (previous year K€ 1,375). The total expenditure, therefore, came to K€ 1,410 (previous year K€ 1,701). Included are corporate taxes returns for the previous year of K€ 4 (previous year payment K€ 193) are included.

Expenses, or respectively revenues were not incurred due to the changing of the tax rates. (previous year payment K€ 6)

Latent deferred taxes were the result of changes in the following items:

in K€	Capitalized deferred Taxes 2009	Passive deferred Taxes 2009	Capitalized deferred Taxes 2008	Passive deferred Taxes 2008
Fixed assets	0	1,474	22	1,578
Capitalized losses brought forward	1,520	0	75	0
Receivables	0	84	0	0
Own equity	0	0	0	3
Provisions/accruals	46	0	71	0
Liabilities	0	8	0	4
	1,566	**1,566**	**168**	**1,585**

The realization of tax losses brought forward from the previous year led in 2008 to a lessening of the paid, or respectively, owed tax on earnings of K€ 53 (previous year payment K€ 6).

Deferred tax on income was only assessed for tax losses brought forward when their realization was assured with sufficient certainty which was the case for the group company Solitas in Switzerland. In addition, the losses brought forward for the consolidated SoftM tax Group were applied to the amount of deferred taxes (K€1,505) (previous year consolidated Group in Austria K€ 75). In addition there were other corporation tax losses brought forward (without time limit) to the amount of K€ 8.305 (previous year K€ 1,690) as well as for business tax K€ 7,319 (previous year K€ 3,560 for which no deferred taxes were capitalized.)

Tax yield (-K€ 1,410) for business year 2009 was K€ 872 less than the expected tax yield of K€ 2,282 which was the result of the application of a weighted estimated average tax rate of the pre-tax result of the Group.

The average tax rate was calculated on the basis of an expected tax rate for the individual Group companies and was 31.9% in year 2009 (previous year 31.9%). The reasons for the difference between the expected and actual tax rate are illustrated in the following calculation transitional.

in K€	2009	2008
Result before taxes	-7,153	-2,939
Expected tax expenditure:		
31.9% (previous year 31.9%)	-2,282	-938
Differences in foreign tax rate	0	-52
Tax rate changes domestic	0	6
Tax free disposal earnings	-41	0
permanent differences	98	9
Tax effects on:		
Goodwill depreciation	267	0
Equity balancing of associated companies	3	-1
non-capitalization of losses brought forward	602	743
Post capitalization of deferred taxes and taxes not relating to period	-57	187
Depreciation of losses brought forward	0	1,747
	-1,410	**1,701**
Effective tax rate in %	19,7	-57,9

Due to the German corporate tax computation procedure, corporate tax credits which were valid till the year 2000, to the amount of K€ 173 will be, beginning in year 2008, paid out annually at a rate of 1/10 of the total amount, irrespective of the intention to execute profit distribution. The claim was calculated at K€ 151 (previous year K€ 167) using the cash value of the claim at an interest rate of 4%. It was posted under other receivables.

(37) RESULT PER SHARE

Given the annual loss of K€ 5,743, a rounded off result per share of € -0.89 (previous year € -0.93) was recorded.

In determining the result per share in business year 2009 a share number of 6,648,000 was employed. In the previous year due to an increase in capital stock and the disposal of own shares during the period there were 5,002,969 shares in circulation.

Taking into consideration the number of floating shares, a corrected result for the year 2009 of K€ -0.72 per share results was recorded.

The diluted result per share corresponds to the undiluted result per share since there were no effects due to dilution. A diluted effect could arise in the future due to the approved capital of K€ 990 and the authorized capital of K€ 2,490.

(38) BOARD REMUNERATION AND SHARE-HOLDING

In fiscal year 2009 total remuneration of the Board of management SoftM Software und Beratung AG totaled K€ 1017 (previous year K€ 583). Remuneration for the Supervisory Board totaled T€ 12 (previous year K€ 20). The total remuneration of the Management Board includes K€ 134 (previous year K€ 35) for performance rendered. The Supervisory Board total came to K€ 0 (previous year K€ 0). In addition severance payments of K€ 458 were included. The individual listing of remuneration of Board members was waived in accordance with a corresponding resolution of the AGM. The Management Board had three members in the reporting period as of November 30, 2009.
Mr Jens Göbel joined the Management Board effective as of December 1, so that the Management Board was comprised of four members at the end of business year 2009. Mr Franz Weisholler (Chairman of the Management Board) left effective as of June 5, 2009 and was replaced by Mr Piotr Piatosa. Additional information pertaining to Management Board remuneration is contained in the consolidated Group report.

No current member of the Management Board possessed more than 1% of the capital stock on the day of record. Mr Christin Groth who left the company as of June 6, 2008 held on the day of record more that 15 of shares.

Management Board Member	Owned shares in units Dec. 31, 2009	Owned shares in units Dec. 31, 2008
Christian Groth (until June 15, 2008)	n.a.	101,582

(39) BALANCE SHEET AUDITOR'S FEE

The Akanthus GmbH Wirtschaftsprüfungsgesellschaft, Munich received the following remuneration for services rendered in business year 2009:

in K€	2009	2008
Statory Audits	120	161
Other Validations and Valuation Services	11	38
Tax Consulting Services	34	53
Other Services	15	20
	180	**272**

The fees for the final audit encompass the fees for the Consolidated 'Group Statement as well as the fees for the final audit of the SoftM AG and their inland subsidiaries.

(39) STATEMENT PERTAINING TO § 21 SECURITIES TRADE ACT

The following obligation to inform is in accordance with § 21 STA pertaining to exceeding or respectively falling under voting rights limits of equity capital in business year 2008.

		Voting rights after passing voting rights limits	
	Date of		
Shareholder	**transaction**	**Number**	**%**
Comarch S.A., Poland / Comarch Software AG, Dresden	13/11/2008	1,750,000	35,14
Herr Christian Groth, Munich	14/11/2008	101,582	2,04
Dr. Hannes Merten, Munich	17/11/2008	216,626	4,35
Herr Uwe Paradiek, Munich	17/11/2008	56,882	1,14
Herr Rolf Delventhal, Mainburg	17/11/2008	48,950	0,98
Comarch S.A., Poland / Comarch Software AG, Dresden	18/11/2008	3,250,000	50,15
Don Bosco Stiftung, Munich	18/11/2008	250,000	3,86
Frau Monika Merten, Munich	18/11/2008	171,846	2,65
SoftM AG, Munich	18/11/2008	176,011	2,72
Universal-Investment-GmbH, Frankfurt am Main	27/01/2009	210,200	3,24
Universal-Investment-GmbH, Frankfurt am Main	02/02/2009	200	0,003
Don Bosco Stiftung, Munich	09/02/2009	0	0,00
Comarch S.A., Poland / Comarch Software AG, Dresden	09/02/2009	5,241,777	80,89

The following statements were made to the company:

November 18. 2008

The Comarch S.A., Krakau/Polen announced on Nov. 13, 2008 that its proportion of voting rights in SoftM AG had passed the 3%, 5%, 10%, 15%, 20%, 25% und 30% threshold and on that day had 35,14% stake (1.750.000 voting shares). The voting rights are to be allocated to S.A., Krakau/Poland.

The proportion of voting rights of the shareholders Dr. Hannes Merten, Christian Groth, Rolf Delventhal und Uwe Paradiek, whose voting rights are more than 3%, are to be allocated to Comarch S.A.

The Comarch Software AG, Dresden announced on Nov. 13, 2008 that its proportion of voting rights in SoftM AG had passed the 3%, 5%, 10%, 15%, 20%, 25% und 30% threshold and on that day had 35,14% stake (1.750.000 voting shares). The voting rights are to be allocated to Comarch Software AG.

The proportion of voting rights of the shareholders Dr. Hannes Merten, Christian Groth, Rolf Delventhal und Uwe Paradiek, whose voting rights are more than 3%, are to be allocated to Comarch Software AG.

November 19. 2008

Dr. Hannes Merten (Chairman of the Board of SoftM AG) announces on November17, 2008 that the proportion of his voting rights in SoftM AG has fallen under the 15%, 10%, and 5% threshold and on that day had a 4.35% stake (216,626 voting shares).

Mr Christian Groth announces on November11, 2008 that the proportion of his voting rights in SoftM AG has fallen under the 5% and 3% threshold and on that day had a 2.04% stake (101,852 voting shares).

Mr Uwe Paradiek announces on November 17, 2008 that the proportion of his voting rights in SoftM AG has fallen under the 5% and 3% threshold and on that day had a1.14% stake (56,882) voting shares).

Mr Rolf Delventhal announces on November 17, 2008 that the proportion of his voting rights in SoftM AG has fallen under the 3% threshold and on that day had a 0.98% stake (48,950) voting shares).

November 24. 2008

The Comarch S.A., Krakau/Polen announced on Nov. 18, 2008 that its proportion of voting rights in SoftM AG had passed the 50% threshold and on that day had 50.15% stake (3,250.000 voting shares). This 50.15 share in voting rights is to be allocated to S.A., Krakau/Poland via Comarch Software AG.

The non-profit Don Bosco Foundation, Munich announced on the same date that the proportion of its voting rights in SoftM AG has fallen under the 5% threshold and on that day had a 3.86% stake (250,000 voting shares).

Ms Monika Merten informed us on NOV: 18, 2008, that the proportion of her voting rights in SoftM AG has fallen under the 3% threshold and on that day had a 2.65% stake (171,846) voting shares).

January 13. 2009

THE SoftM AG, Munich announces that the proportion of its voting rights in SoftM AG has fallen under the 3% threshold on Nov. 18, 2008 and on that day had a 2.72% stake (171,011) voting shares).

February 02. 2009

The Universal-Investment-GmbH, Frankfurt am Main, announces that the proportion of its voting rights in SoftM AG has fallen under the 5% threshold on Jan. 27, 2009 and on that day had a 3.24% stake (210,200) voting shares).

The Universal-Investment-GmbH, Frankfurt am Main, announces that the proportion of its voting rights in SoftM AG has fallen under the 3% threshold on Feb. 2, 2009 and on that day had a 0.003% stake (200) voting shares).

11. February 2009

The Comarch S.A., Krakau/Polen announced on Feb. 2, 2009 that its proportion of voting rights in SoftM AG had passed the 75% threshold and on that day had 80.89% stake (5,241,777 voting shares). This 80.89 share in voting rights is to be allocated to S.A., Krakau/Poland via Comarch Software AG.

The Comarch Software AG, Dresden announced on Feb. 9, 2009 that its proportion of voting rights in SoftM AG had passed the 75% threshold and on that day had 80.89% stake (5,241,777 voting shares).

The non-profit Don Bosco Foundation, Munich, announced on the same date that the proportion of its voting rights in SoftM AG has fallen under the 3% threshold and on that day had a 0.000% stake (0) voting shares).

H. INFORMATION TO CASH FLOW STATEMENT

The Group consolidated statement of cash flow was prepared according to IAS 7 using the indirect method, i.e. net cash provided and used in ongoing operating activities was derived from consolidated income by adding non-cash expenses and deducting non-cash income.

The statement of cash flow was prepared using the "top down" concept. The presentation of cash flow was, therefore, based on the consolidated financial statements, consisting of the consolidated balance sheet and the consolidated statement of income and not the cash flow statements of the individual subsidiaries.

Cash and cash flow equivalents comprise the following balance sheet items:

1) Cash-on-hand
2) Short-term assets at credit institutions (checking accounts, demand deposits and fixed deposits.

In the reporting period, Cash-on-hand, short-term assets at credit institutions were taken into account. Short-term negotiable securities were no longer included. Previous year value (K € 30) was adjusted. Restraint on disposals due to collateral pledge of granted credits of K€ 259 (previous year K€ 257) existed on capital funds on the day of record.

Since a portion of cash and cash equivalents is not in Euros, the portion of net cash provided as a result of the change in the exchange rate is disclosed separately, as no cash was actually provided in this respect because the currency related increase was not realized.

Operating cash flow for 2009 contains interest income of approx. K€ 71(previous year K€ 147) as well as interest paid of K€ 147 (previous year K€ 375).

In 2009 tax on earnings paid came to the amount of K€ 322 was (previous year K€ 144).

Among the other non-paying revenues and expenditures is the negative result from equity participation to the amount of K€ -9 (previous year revenues of K€ 3).

IN addition subsidiary companies were granted credits to the amount of K€ 93 (previous year K€ 94). K€ 92 (previous year K€ 322) was received for deliveries and services and K€369 (previous year K€ 307) was spent for acquired services and deliveries.

I. SEGMENT REPORT COMMENT

IFRS8 was utilized for the first time in business year 2009. There were no significant changes concerning the apportionment regarding the segments in relation to the consolidated Group report of the previous year. Allocation of resources and valuation of profitability of the business segments in the SoftM Group are carried out by the Management Board as main decision makers. The division of segments and regions as well as the choice of the represented key data in due consideration of internal control and reporting system is done in correspondence with the so-called management approach method.

Allocation of resources and valuation of profitability of both segments in the SoftM Group are carried out on the Management Board level. The division of segments and regions as well as the choice of the represented key data is in accordance with the internal control and reporting system ("Management Approach"). Financial planning is conducted on the group level.

The SoftM Group is managed through strategic business units which correspond to the type of products and services, as well as regions and commercial traits of the business in the mandatory segment report in which they are classified.

As of Dec. 31, 2009, the SoftM Group is divided into two segments. The segments encompass the following activities.

Segment	Activity
Software and Consulting	Development and sales of commercial standard software (ERP) as well as customer service during the period of software use.
System-integration	Sales of products (server- und storage-Systems, network technologies) and solutions (operating system software, virtualization solutions, safety- and high availability solutions for the operation and expansion of complete IT infrastructures "Full-Service"

Segment data is calculated as follows:

- In as far as inter-segmental revenues are achieved, the assessment is carried out on the basis of costs incurred.
- As a result of reorganization measures conducted in the firm, restructuring costs to the amount of € 1 million have been incurred; € 0.9 million have been allotted to the software and consulting segment and € 0.1 million to the system integration segment.
- The EBIT serves as indicator value for the individual segment. It corresponds to the operating result of the net income statement.

No individual customer was responsible more than 10% of revenues for the SoftM Group in business year 2009 or the previous year.

Affirmation of Legal Representatives

We affirm that to the best of our belief and knowledge, that in accordance with the applied accounting principles, the Group consolidated accounts give a true and fair picture of the assets, finances and profitability of the Group and that the Group management report is so depicted that a true and fair picture of the Group Result and situation is given and that the fundamental risks and opportunities of the projected development of the Group are depicted.

Munich, March 2010
SoftM Software und Beratung AG

The Management Board

Piotr Piatosa

Ludwig Ametsbichler

Ralf Gärtner

Jens Göbel

Audit Certificate of the Auditor

We audited the Group's Consolidated Financial Statements prepared by the SoftM Software und Beratung AG consisting of balance sheet, profit and loss statement, cash flow statement, annex, as well as Group Management Board report for the business year January 1 – Dec 31, 2009 under inclusion of the accountancy and Management Board Report of the SoftM Software und Beratung AG. The compilation of the Consolidated Group report and the Management Board Report were done utilizing the IFRS as it is applied in the EU, and It is the responsibility of the Board of Management of the Company to assure that the accounting and the presentation of the Annual Financial Statement and Management Board Report are in accordance with IFRS statutes and the supplementary provisions of the GCC § 315 a para. 1 regarding commercial law. Our responsibility is to evaluate the Annual Financial Statement and the Group Management Report, taking into consideration the accountancy on the basis of the conducted audit.

We undertook the Group audit in accordance with § 317 GCC of the German Auditing Regulations while at the same time taking the German principles for an orderly audit from the Institute of Certified Accountants (IDW) into account. This requires that we plan and conduct the audit in line with applicable accounting regulations so that any errors or violations of the principles of proper accountancy rules and the picture conveyed of the financial statements, financial status and result by the Management Board Report can be recognized with a great degree of certainty. Knowledge of the business and its legal and economic environment as well as possible errors were taken into account when determining the audit procedure. Within the framework of the audit, the effectiveness of the internal accounting control systems, as well as evidence for the values shown in the Annual Financial Statement and Management Board Report were evaluated overwhelmingly on the basis of random checks. The audit includes an evaluation of the Consolidated Financial Statement of the companies included in therein, the limiting of the Consolidated Group, the applied balance sheet principles and the fundamental assessments made by the Management Board, as well as the appraisal of the overall Annual Financial Statement and Management Board Report. We believe that our audit supplies a sufficiently secure basis for our assessment.

Our Audit has not led to any objections.

Due to the knowledge gained by means of the audit, it is our opinion that the Annual Financial Statement is in compliance with The IFRS as it is to be applied in the EU and the supplementary, applicable commercial law regulations as per § 315a para. 1 and conveys, in regard to these regulations, a true and accurate picture of the actual conditions concerning the financial statements, financial status and the results of the Company. The Management Board Report is consistent with the Annual Financial Statement and, altogether, conveys a true picture of the status of the Company and factually represents the opportunities and risks of its future development.

Munich, March 15, 2010

Akanthus GmbH
Accountancy Firm

Susanne Renn	Klaus Loibl
Certified Auditor	Certified Auditor

Financial Calendar 2010

QUARTERLY REPORT PER MARCH 31, 2010	MAY 14, 2010
ANNUAL GENERAL MEETING	JUNE 17, 2010, MUNICH
QUARTERLY REPORT PER JUNE 30, 2010	AUGUST 13, 2010
QUARTERLY REPORT PER SEPTEMBER 30, 2010	NOVEMBER 12, 2010
ANNUAL FINANCIAL STATEMENT 2010	APRIL 2011

Contact Person Investor Relations

Friedrich Koopmann
SoftM Software und Beratung AG
Messerschmittstr. 4
D-80992 Munich
Tel.: +49 (89) 143 29-11 99
Fax: +49 (89) 143 29-11 14
ir@softm.com

Imprint

Publisher SoftM Software und Beratung AG, Munich

Graphics and Typesetting MK foto · grafik · design, Mike Kudla, Munich

SoftM Software und Beratung AG

Messerschmittstr. 4 · D-80992 München

Telefon +49(89)-14329-0 · Telefax +49(89)-14329-1114

ir@softm.com · www.softm.com

SoftM-AR-0410-E-1