ANNUAL REPORT

1 APRIL 2008 TO 31 MARCH 2009

TDS
a Fujitsu company

CONTENTS

AN OVERVIEW OF TDS GROUP PERFORMANCE

Key Group figures according to IFRS	1 April 2008 to 31 March 2009 € thousands	1 January2008 to 31 March 2008 € thousands
Total revenues	**131,930**	**29,008**
Revenues by region		
Revenues in Germany	124,279	27,204
Revenues in other countries	7,651	1,804
Revenues by division		
Revenues for IT Outsourcing	61,752	13,604
Revenues for HR Services & Solutions	50,909	11,090
Revenues for IT Consulting	19,269	4,314
Gross profit	**32,360**	6,845
in % of revenues (gross return on sales)	24.5	23.6
EBITDA	**22,887**	**4,396**
in % of revenues (EBITDA margin)	17.3	15.2
EBIT	**12,032**	**1,828**
in % of revenues (EBIT margin)	9.1	6.3
Net income	**12,200**	**1,039**
Net income per share (basic, in €)[1)]	0.42	0.04
Net income per share (diluted, in €)[2)]	0.42	0.04
Total assets	**102,671**	**92,120**
Shareholders' equity	49,146	36,832
Equity-to-total-assets ratio (in %)	47,8	40
Share capital	29,369	29,296
Liabilities	53,525	55,288
Number of employees at 31 March 2009 and 31 March 2008	**1,117**	**986**

[1)] Weighted average of all outstanding shares used to calculate basic earnings per share at 31 March 2009: 29,285,110 (short fiscal year 2008: 29,239,902).

[2)] Weighted average of all outstanding shares used to calculate diluted earnings per share at 31 March 2009: 29,285,110 (short fiscal year 2008: 29,243,843).

CORPORATE GOVERNANCE REPORT

Corporate Governance at TDS
The Executive Board and Supervisory Board of TDS AG report on corporate governance at the Company in each annual report, pursuant to Section 3.10 of the German Corporate Governance Code (hereinafter “the Code”).

TDS AG is committed to transparent, responsible and value-driven management and control of the Company. The Executive Board and Supervisory Board of TDS AG continue to observe the German Corporate Governance Code, and discussed the changes in the version of 6 June 2008 in detail.

The most recent declaration of compliance issued by the Executive Board and Supervisory Board is given below under the subheading “Declaration of Compliance with the German Corporate Governance Code”. Declarations of compliance for fiscal 2008/2009 and preceding fiscal years are available to shareholders and other stakeholders via the TDS Website. In fiscal 2008/2009, TDS complied with all recommendations of the 14 June 2007 version of the Code, with three exceptions. Furthermore, the Company observed the majority of the Code’s suggestions.

Decision-making bodies of TDS AG
The annual shareholders’ meeting enables shareholders to exercise their rights, including the right to vote. TDS offers shareholders the opportunity to allow themselves to be represented at the annual shareholders’ meeting by a proxy appointed by the Company. This proxy must follow the instructions of the corresponding shareholder. This service aims to support shareholders in exercising their interests at annual shareholders’ meetings.

The TDS Executive Board comprises two members. It is the most senior management body of the TDS Group and is responsible for ensuring compliance with legal provisions and internal policies in all consolidated companies. Furthermore, it ensures that sufficient risk management and monitoring procedures are in place. As a result of the subordination agreement between TDS and its majority shareholder, Fujitsu Services Overseas Holdings Limited, the TDS Executive Board is obliged to follow instructions issued by Fujitsu Services Overseas Holdings Limited, insofar as is legally permissible. Where no instructions are issued by the majority shareholder, management and representation of TDS AG reside with the TDS Executive Board, i.e. the Executive Board manages the Company independently.

The TDS Supervisory Board comprises three members elected at the annual shareholders’ meeting. It advises the Executive Board on management of the Company, oversees its activities and appoints Executive Board members. Key Executive Board decisions require the approval of the Supervisory Board. In fiscal 2008/2009, the Supervisory Board reviewed the efficiency of its own activities in a dedicated assessment and took steps to increase efficiency.

Overall, Company management and monitoring is characterised by regular communication and close collaboration between the Executive Board and Supervisory Board of TDS. The Supervisory Board report provides more detailed information on cooperation between these bodies (page 10of this report). Changes in the composition of the Executive Board and Supervisory Board in fiscal 2008/2009 and details of the audit of year-end financial statements by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt am Main, are also included in the Supervisory Board report. In the future, the Supervisory Board or its Finance/Audit Committee and the Executive Board will discuss six-month interim and quarterly reports prior to their publiccation, in line with the new recommendation of the Code.

In fiscal 2008/2009, Dr. Klaus-Dieter Rose, a partner in Menold Bezler law firm, was the only Supervisory Board member to have a consulting contract or any other contract for the delivery of goods or services with the Company. Because the law firm assumed an advisory role for the Company at the start of Dr. Rose’s term of office, the Supervisory Board approved the mandate. Conflicts of interest between Executive and Supervisory Board members and the Company are to be reported to the Supervisory Board immediately. There were no such conflicts of interest during the reporting period.

Transparency
TDS informs shareholders and interested members of the public regularly, promptly and equally about the Company’s situation and significant business changes. New information shared with financial analysts or comparable individuals is made available to shareholders immediately. Information about the Company published by TDS (press releases, mandatory disclosures, etc.) is disclosed on the TDS Website. Visitors to the Website can also access a financial calendar listing important dates (publication of annual report and interim reports, annual shareholders’ meeting, etc.). Employees of the Investor Relations department can be contacted by e-mail.

Directors' dealings and shares held by Executive and Supervisory board members
In accordance with Section 15a of the German Securities Trading Act (WpHG), members of the Executive and Supervisory Boards are obliged to disclose the purchase or sale of TDS shares or related financial instruments if the value of transactions carried out by the corresponding member and related persons within a single calendar year reaches or exceeds 5,000 euros (directors' dealings). This also applies to certain employees in management roles and related persons. In fiscal 2008/2009, no directors' dealings were reported.

On 31 March 2009, the number of TDS shares or related financial instruments held by Executive and Supervisory Board members was neither directly nor indirectly greater than 1 per cent of total shares issued by TDS.

On 31 March 2009, the total number of TDS shares held by Executive and Supervisory Board members came to less than 1 per cent of all shares issued by TDS.

Declaration of Compliance with the German Corporate Governance Code
On 6 May 2009, the Executive Board and Supervisory Board issued the following Declaration of Compliance:

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Executive Board and the Supervisory Board of TDS Informationstechnologie AG declare that, since the last declaration of compliance of 12 May 2008, the Company has complied with the recommendations of the 14 June 2007 version of the German Corporate Governance Code published by the German Ministry of Justice in the electronic Federal Gazette, with the following exceptions:

In Section 3.8, Subsection 2, the Code recommends that Directors' and Officers' (D&O) insurance include an appropriate deductible for the Executive Board and Supervisory Board. TDS cover for its Executive and Supervisory Boards does not include such a deductible because the Company does not consider this to be beneficial.

In accordance with Section 4.2.1 (1) of the Code, the Executive Board is to comprise several members and have a Chairman. Because Winfried Holz resigned from his position as Chairman of the Executive Board at such short notice, Dr. Heiner Diefenbach, his colleague on the Executive Board, was temporarily solely responsible for TDS business operations. The Executive Board now once again comprises two members and has a Chairman.

In Section 5.1.2, Subsection 2 (3), the Code recommends that an age limit be defined for Executive Board members. There is no such age limit defined for the TDS Executive Board because this would restrict the number of suitable candidates available.

Furthermore, the Executive and Supervisory Board declare that, over and above the aforementioned exceptions, the Company has not yet complied with the following new recommendations of the Code since the 6 June 2008 version became effective:

Pursuant to Section 4.2.3, Subsection 4 of the Code, care is to be taken when concluding Executive Board contracts to ensure that the amount of severance payment stipulated for an Executive Board member, including for additional roles and responsibilities, in the event of termination of his contract without good cause, does not exceed the value of two years' compensation (severance payment cap) or compensation for the remaining term of his employment contract. The Executive Board contract of service concluded with the new Executive Board member Konrad Meier does not specify a maximum severance payment in the event of premature termination. This is because the initial term of the contract was less than two years and, in expert circles, a general consensus has not been reached on whether this recommendation can be feasibly implemented in accordance with German law.

Section 7.1.2 (2) of the Code recommends that the Supervisory Board or its Finance/Audit Committee and the Executive Board discuss six-month interim reports and quarterly reports prior to their publication. Discussion of the two annual reports published since the new version of the Code came into force was not deemed necessary. However, the Company is to comply with this recommendation in the future.

Furthermore, the Executive and Supervisory Boards declare that the Company will comply with the recommendations of the version of 6 June 2008 in the future, with the following exceptions:

In Section 3.8, Subsection 2, the Code recommends that Directors' and Officers' (D&O) insurance include an appropriate deductible for the Executive Board and Supervisory Board. TDS cover for its Executive and Supervisory Boards does not include such a deductible because the Company does not consider this to be beneficial.

There is no age limit defined for Executive Board members (as described in Section 5.1.2, Subsection 2 (3) of the Code) because this would restrict the number of suitable candidates available.

Neckarsulm, Germany, 6 May 2009

TDS Informationstechnologie AG
On behalf of the Executive Board: On behalf of the Supervisory Board:

Dr. Heiner Diefenbach
Chairman of the Executive Board

Konrad Meier
Executive Board member

Yves Le Gélard
Chairman of the Supervisory Board

This declaration of compliance and those from previous years are permanently available on the TDS Website at: www.tds.de/corporate-governance.

Compensation report

The TDS compensation report describes the principles for defining Executive and Supervisory Board remuneration. Disclosures regarding the amounts of compensation and the number of shares held by Executive and Supervisory Board members can be found in the notes to the consolidated financial statements on page 84.

Executive Board compensation

The Supervisory Board is responsible for defining Executive Board compensation. Because the Supervisory Board only comprises three members, there is no HR committee.

Executive Board compensation is performance related and can be broken down into various components: fixed compensation, variable compensation, and additional roles and responsibilities. For fixed and variable compensation, a target income is defined and subject to regular examination. Examinations comprise assessment of personal performance, of the economic development of the Company, and of Executive Board compensation at comparable companies.

Executive Board compensation breaks down as follows:

- Fixed compensation, which is paid as a monthly salary.
- In addition, Executive Board members receive compensation for additional roles and responsibilities in the form of company cars for private use, insurance premiums, and contributions to public or private pension, health insurance and long-term care insurance plans of no more than 50 per cent of the statutory maximum.
- Variable compensation is in the form of an annual, performance-related bonus. Calculation of the bonus is based on the individual performance of Executive Board members and the performance of the Company, comparing actual performance to the targets set for each Executive Board member at the beginning of the year. The definition of targets and the extent to which they are achieved are subject to the discretion of the Supervisory Board.

  Executive Board member Dr. Heiner Diefenbach receives an additional bonus, regardless of whether mid-term targets for increasing the Company’s value are achieved. This bonus is based on the extent to which the Company achieves targets defined at the start of each fiscal year on the basis of mid-term planning.
- In the past, Executive Board members were granted subscription rights to shares (share options) and virtual share options within the scope of compensation. The current compensation system does not employ share-based payment as a long-term incentive. No share-based compensation was granted to Executive Board members during the reporting period. Disclosures on the structure and fair value of share options granted before fiscal 2007 can be found in the notes to the consolidated financial statements. The key features of these instruments are described below.

Compensation for active Executive Board members totalled €877 thousand in the fiscal year 2008/2009. Details of Executive Board compensation in fiscal 2008/2009 can be found in the table on page 84.

No subscription rights were granted to former members of the TDS Executive and Supervisory Boards or their bereaved during the reporting period.

Share options

On 23 May 2002, the annual shareholders’ meeting authorised a share-option plan, enabling Executive Board members and employees of the TDS Group to be granted share options in the Company. These share options were granted in 2002 (2002 tranche) and 2004 (2004 tranche).

Share options granted in fiscal 2002 expired in fiscal 2006 and can no longer be exercised.

Options granted in 2004 can be or could be exercised as follows:

	Term of share options	Service period	Exercise period
Tranche 1 (50 per cent)	2004 to 2007 (Nov - Nov)	2 years	Nov 2006 - Nov 2007
Tranche 2 (50 per cent)	2004 to 2008 (Nov - Nov)	3 years	Nov 2007 – Nov 2008

The Black-Scholes pricing model is used to calculate the fair value of each option upon the date of grant.

The following weighted-average assumptions were made for the 2002 share-option plan (2004 tranche): Share price €2.69, exercise price €2.96, average dividend yield 0 per cent, risk-free interest rate 3.5 per cent, volatility 40.0 per cent and a term of three years for 50.0 per cent of the options and four years for the remaining 50.0 per cent. The Black-Scholes fair value was €0.74 and €0.88 on the date of grant.

At 31 March 2008, the former Chairman of the Executive Board, Ralf Klemisch, held 25,000 subscription rights to shares. These rights expired in November 2008.

Other business

TDS has a Directors and Officers Insurance (D&O insurance) for Executive and Supervisory Board members that covers personal liability for a defined group of people. No deductible exists as defined by Subsection 3.8 of the German Corporate Governance Code. A general consensus has not been reached at the Company with regard to the usefulness of defining an appropriate deductible.

Should Executive Board member Dr. Heiner Diefenbach be dismissed from his position for reasons other than gross misconduct, and should his employment contract with the Company come to an end prematurely as a result of this dismissal, Dr. Diefenbach shall receive compensation based on his basic salary for the total remaining term of his employment contract, plus bonuses.

If no mutual agreement is reached by 31 December 2011 with regards to the continuation or termination of the Executive Board contract of Dr. Heiner Diefenbach, and, as a result, his Executive Board contract with the Company comes to an end on 31 December 2012, Dr. Diefenbach shall receive additional compensation provided the contract is not terminated due to gross misconduct. This compensation shall amount to one month of his gross salary for each year of his Executive Board contract since 1 January 2005, including bonuses based on his salary for the previous year. This compensation shall also be paid if the contract is terminated by mutual agreement before the end of its term, as described above.

Furthermore, this compensation shall be paid if TDS changes its legal form before 31 December 2012 and Dr. Heiner Diefenbach is not offered a position on the Executive Board or in senior management, or if the Company is acquired by or merged with Fujitsu before 31 December 2012. In the same way, Dr. Heiner Diefenbach is entitled to this compensation if there is a change of control at TDS. A change of control exists if a majority holding in TDS is purchased by a legal entity outside of the Fujitsu Services group. The Executive Board contract of Konrad Meier does not include a commitment to provide compensation for premature termination of the contract resulting from a change of control.

Executive Board member Konrad Meier may request that a portion of his salary be converted into pension contributions. All personal taxes for any such contributions are paid by TDS.

Because Winfried Holz already had access to a company car via another Fujitsu Group subsidiary, he had no claim to a TDS company car. As a result of an agreement reached regarding the nullification of his Executive Board contract, Winfried Holz received a one-off payment in the amount of €287 thousand.

No loans or advanced payments were granted to Executive Board members in fiscal 2008/2009; in addition, TDS did not enter into any agreements with Executive Board members that led to contingent liabilities for the Company.

In fiscal 2008/2009, third-party services were neither promised nor granted to Executive Board members for their activities on the Executive Board.

Supervisory Board compensation

Supervisory Board remuneration is defined in Section 17 of the Articles of Incorporation, whereby each Supervisory Board member receives the following:

a) fixed compensation in the amount of €8,000.00, payable at the end of the fiscal year;

b) a bonus payable after the Company's consolidated financial statements have been approved, in the amount of €500.00 for each €0.01 net income per share (fully diluted), or part thereof, over and above net income per share of €0.09;

c) a fee for attending Supervisory Board meetings or committee meetings, in the amount of €1,250.00 per meeting.

The amounts given above for the fixed compensation and bonus are doubled for the Chairman of the Supervisory Board, multiplied by a factor of 1.5 for the Deputy Chairman of the Supervisory Board and for the Chairmen of Supervisory Board committees, and multiplied by a factor of 1.25 for selected members of Supervisory Board committees. Should a Supervisory Board member exercise more than one of these functions, compensation is paid on the basis of the function with the highest compensation.

Supervisory Board members also receive reimbursement for expenses incurred when performing their tasks. The Company also reimburses VAT on payments they have received from TDS.

Compensation for Supervisory Board members totalled €125thousand in the fiscal year 2008/2009. A detailed overview can be found in the table on page 84.

Payments of €76 for legal counsel have been made to Menold Bezler law firm, a company for which Dr. Klaus-Dieter Rose works, since the start of his term of office. Aside from this, the Company did not make any payments or grant any benefits for services delivered in person by Supervisory Board members, in particular for consulting or brokering services.

SUPERVISORY BOARD REPORT

Dear shareholders,

During the period from 1 April 2008 to 31 March 2009, the Supervisory Board fulfilled its obligations and tasks as defined by law and by the Articles of Incorporation. It regularly monitored the Executive Board and advised it on Company management. Within the scope of its oversight role, the Supervisory Board worked closely and communicated regularly with the Executive Board.

The Supervisory Board was involved in all decisions of significance to the Company. The Executive Board duly submitted comprehensive, regular reports to the Supervisory Board — both orally and in writing — on all relevant issues relating to corporate planning, including the current business situation and development, strategy, risks and risk management. Executive Board reports on business development focused on the Company's assets, revenue and earnings, as well as order intake, the acquisition of new customers, and planning for the full fiscal year. The Supervisory Board was informed in detail about any deviation between actual business development and planning. All transactions of material importance were addressed by Executive Board reports, and discussed in detail and reviewed critically by the Supervisory Board. Where required by law, and by the Articles of Incorporation, the Supervisory Board reviewed and passed resolutions on Executive Board reports and proposals, particularly on transactions and actions requiring its approval. Conflicts of interest involving members of the Executive Board and Supervisory Board, which must be disclosed immediately to the Supervisory Board and reported at annual shareholders' meetings, did not occur during the reporting period.

In addition, the Executive Board kept the Chairman of the Supervisory Board (at first Andrew MacNaughton and Yves Le Gélard from then onwards) regularly informed of the current business situation, and of important developments.

The Supervisory Board discussed the organisation of TDS AG and the TDS Group with the Executive Board and was satisfied with the outcome, especially with regard to compliance and risk management, and Company management, which it deemed to be in accordance with good business practice and legal requirements.

Focus of Supervisory Board work during the reporting period

Six Supervisory Board meetings were held in fiscal 2008/2009. From time to time, resolutions were also passed in writing (by conventional mail or fax). At its meetings, the Supervisory Board regularly discussed revenues and earnings development at the Company and at its divisions, as well as issues of general corporate planning, strategy, the financial position, and collaboration between the TDS Group and the Fujitsu Group. The Executive Board provided comprehensive reports on each of these topics.

In the meeting on 13 May 2008, Supervisory Board members discussed, among themselves as well as with the auditor, the financial statements of TDS AG and the consolidated financial statements of the TDS Group for the short fiscal year (1 January 2008 to 31 March 2008), as well as the management reports. The Supervisory Board confirmed and endorsed these documents following its own examination of them. The auditor attended the meeting and reported his findings, with reference to his own documents. He also informed the Supervisory Board about his work with the Finance/Audit Committee. Following their own examination of the documents, the Supervisory Board did not find any cause for objection and approved the findings of the independent auditor. In addition, the auditor presented the dependency report in detail. Upon close examination and following discussion of the dependency report, the Supervisory Board did not find any cause for objection and approved the auditor's findings. The Supervisory Board also reviewed and approved the Executive Board's proposal regarding the appropriation of earnings for the short fiscal year 2008. In addition, the Supervisory Board approved the Supervisory Board report for the annual shareholders' meeting. Furthermore, the Executive Board informed the Supervisory Board about the current business situation, in particular revenues and earnings, order intake, new customers and liquidity. The Supervisory Board also discussed issues related to risk management and was informed by the Executive Board about risks associated with the Company and its individual business units, as well as planned risk-minimisation measures. After extensive review, the Supervisory Board approved the sale of "modus". The Executive Board also brought the Supervisory Board up to date on the status of challenges mounted by shareholders against TDS AG concerning the resolution to approve the subordination agreement, put forward at the extraordinary shareholders' meeting on 29 February 2008. In the meeting held on 13 May 2008, the Supervisory Board elected Yves Le Gélard as its Deputy Chairman.

In the meeting on 11 June 2008, the Supervisory Board passed a resolution on the agendas and proposed resolutions for the annual shareholders' meetings on 11 August 2008 (regarding the 2007 fiscal year) and on 12 August 2008 (regarding the short fiscal year from 1 January 2008 to 31 March 2008), and decided that the meetings would take place in the Sulmtalhalle in Erlenbach. In view of Jason Paul Nield's planned resignation from the Supervisory Board, and in agreement with the Executive Board, the Supervisory Board decided, if required, to request that the court appoint an additional member to the Supervisory Board, and to suggest Dr. Klaus-Dieter Rose for this role.

Directly following their appointment by vote in the preceding annual shareholders' meeting, members accepted their positions on the Supervisory Board in the meeting held on 11 August 2008. Yves Le Gélard was voted Chairman and Andrew MacNaughton Deputy Chairman of the Supervisory Board. Yves Le Gélard submitted his vote in writing. The Executive Board provided a comprehensive overview of the current business situation and compared current figures with forecast figures, with reference to the documents sent in advance of the meeting. Furthermore, the Executive Board reported on the status of the plans to build a new data centre and presented the various options, including their advantages and disadvantages.

At the extraordinary meeting held on 28 August 2008 in the form of a conference call, the Supervisory Board convened without the Executive Board. The Supervisory Board accepted the resignation of Executive Board member Winfried Holz and approved the conclusion of an agreement for the premature termination of his employment contract. The Supervisory Board also discussed the new composition of the Executive Board, and gave its permission for Dr. Heiner Diefenbach to assume an additional role in a different company within the Fujitsu Group.

In the Supervisory Board meeting on 24 October 2008, which took the form of a conference call, the Executive Board reported on the current business situation, planning for fiscal 2008/2009 and tax-related topics, and gave an in-depth description of the risks associated with individual business units. Furthermore, the Supervisory Board approved the construction of a new data centre near Neckarsulm. The Supervisory Board reviewed and discussed the status of its preliminary planning for fiscal 2009/2010 after having been informed in detail by the Executive Board. In light of Winfried Holz's resignation from the Executive Board, the Supervisory Board discussed his succession. Furthermore, the Supervisory Board approved the purchase of the remaining shares in ROSEA Trendpark Objektverwaltungsgesellschaft mbH & Co. KG.

The meeting held on 13 March 2009 saw the Executive Board inform the Supervisory Board in detail of the current business situation. The independent auditor reported on the status of his audit, presented his preliminary findings, and discussed these with the Supervisory Board. Additionally, the Supervisory Board approved the Executive Board's planning for fiscal 2009/2010. Furthermore, Konrad Meier was appointed to the Executive Board, and the appointment of Dr. Heiner Diefenbach as Chairman of the Executive Board was approved. The Supervisory Board discussed and approved the signing and content of Konrad Meier's employment contract. The Supervisory Board also addressed compliance and corporate governance, and included the Company's compliance officer in the discussions. In addition, the Supervisory Board reviewed the results of the questionnaire to evaluate the efficiency of Supervisory board activities conducted in November 2008, and discussed measures to further improve efficiency.

On 19 March 2009, the Supervisory Board passed a written resolution by circulation, approving modification of the Articles of Incorporation due to an increase in share capital through exercised share options.

The Supervisory Board also approved the declaration of compliance with the German Corporate Governance Code on 6 May 2009, by means of a written resolution passed in circulation.

In view of the resolution passed at the extraordinary shareholders' meeting on 29 February 2008 to reduce the size of the Supervisory Board from six to three members, and the Supervisory Board's subsequent decision made on 12 March 2008 to dissolve all committees without replacements, there were no committees during the reporting period.

Changes to the composition of the Supervisory Board

Jason Paul Nield resigned from his position on the Supervisory Board, effective after 20 June 2008. The Supervisory Board would like to thank Jason Paul Nield for his reliable, constructive and expert contributions. At the request of the Executive Board, Stuttgart Local Court — the Court responsible for the commercial register of TDS AG — appointed Dr. Klaus-Dieter Rose to the Supervisory Board on 2 July 2008 as an additional member. The terms of office of several members of the Supervisory Board ended immediately after the annual shareholders' meeting on 11 August 2008. During this annual shareholders' meeting, Andrew MacNaughton and Yves Le Gélard, already Supervisory Board members, and Dr. Klaus-Dieter Rose, previously a temporary member, were elected to the Supervisory Board.

Changes to the composition of the Executive Board

Winfried Holz resigned from the Executive Board effective from 31 August 2008. The Supervisory Board thanks Winfried Holz for his hard work and his commitment to the Company.

Konrad Meier was appointed to the Executive Board effective from 13 March 2009. He is responsible for the IT Outsourcing business unit as well as for human resources, purchasing, and internal IT.

Because Winfried Holz resigned at such short notice, Dr. Heiner Diefenbach was temporarily solely responsible for the Company's business operations.

German Corporate Governance Code

The Supervisory Board took into account the recommendations outlined in the German Corporate Governance Code into account. Information about the Company's corporate governance as well as a report on the remuneration structure of the Supervisory Board and Executive Board can be found in the dedicated corporate governance section of the annual report. During the reporting period, the Executive Board and Supervisory Board submitted a declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders via the TDS website. The current declaration of compliance is also included in the corporate governance section of the annual report.

The Supervisory Board considered a variety of consulting services offered by Menold Bezler, and gave its approval for the provision of these services. It should be noted that Supervisory Board member Dr. Klaus-Dieter Rose is a partner in this firm. He abstained from the vote to avoid conflict of interest.

Annual financial statements for TDS AG and consolidated financial statements

The financial statements of TDS AG for the period until 31 March 2009, according to the German Commercial Code, the consolidated financial statements of the TDS Group according to IFRS, as well as the management reports, were examined by KPMG AG Wirtschaftsprüfungsgesellschaft (former KPMG Deutsche Treuhand Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft), Berlin, appointed as independent auditors at the annual shareholders' meeting on 11 August 2008. KPMG certified these documents without qualification.

Prior to being proposed as independent auditors to the annual shareholders' meeting by the Supervisory Board, KPMG submitted a statement to the Chairman of the Supervisory Board confirming that their independent status was not compromised in any way.

In the reporting period, the audit focused on

- the preparation of consolidated financial statements, the scope of consolidation, and the financial statements of companies included in the consolidated financial statements, consolidation of capital and other consolidation measures
- capitalisation and impairment testing of intangible assets pursuant to IAS 36 Impairment of Assets and IAS 38 Intangible Assets
- accounting for and valuation of acquisitions
- accounting for deferred taxes
- the accuracy of the statement of cash flows for the TDS Group, and of the development of shareholders' equity for the TDS Group and segment reporting
- the plausibility of forecasts in the consolidated management report.

The financial statements of TDS AG and the consolidated financial statements of the TDS Group, presented by the Executive Board on 31 March 2009, as well as the management reports, the dependency report and the audit reports were submitted to Supervisory Board members in due time. The Supervisory Board then reviewed these documents and discussed them with the auditor, taking into account the audit reports. The auditor attended the Supervisory Board meetings on 13 March 2009 and on 19 May 2009, where he presented his key findings, reported on the scope, focus and costs of his audits, and was available to answer questions and provide additional information.

The Supervisory Board reviewed the audit reports, which are in accordance with Sections 317 and 321 of the German Commercial Code. Following their own examination of the documents, the Supervisory Board did not find any cause for objection, and approved the findings of the independent auditors.

Following its own examination of the financial statements and the consolidated financial statements, the Supervisory Board did not find any cause for objection. In the meeting on 19 May 2009, the Supervisory Board confirmed and endorsed the financial statements and the consolidated financial statements. The annual financial statements are therefore officially approved.

On the basis of its own examination, the Supervisory Board also acknowledged and approved the management reports for TDS AG and the TDS Group, which correspond to the opinion of the Supervisory Board.

The independent auditor also examined the risk-management system in place at TDS, and confirmed that it is suitable for risk-management tasks in accordance with German law.

The members of the Supervisory Board wish to thank Executive Board members and all employees of the Company and the Group for successful and close cooperation during the past year.

Neckarsulm, Germany, 19 May 2009

The Supervisory Board

Yves Le Gélard
Chairman of the Supervisory Board

SUPERVISORY BOARD AND EXECUTIVE BOARD MEMBERS' MANDATES ON SIMILAR BODIES

Supervisory Board members
The following persons are members of the Supervisory Board of TDS Informationstechnologie AG:

Yves Le Gélard
Corporate Development Director, Fujitsu Services Ltd., Paris
Chairman of the Supervisory Board (since 12 August 2008)
Member of the Supervisory Board (until 11 August 2008)

- Director, FS Participation SAS, Paris, France (since 4 May 2007)
- Director, Fujitsu Services Holding B.V., Maarssen, The Netherlands (since 1 November 2008)
- Director, Fujitsu Services Overseas Holding Limited, London, UK (since 23 April 2008)
- Director, Fujitsu Services S.A.U., Madrid, Spain (since 6 March 2009)
- Director, Fujitsu Services SpA, Agrate Brianza, Italy (since 16 June 2008)
- Director, Fujitsu Systems (Europe) Limited, London, UK (since 27 March 2009)
- Director and Chairman of the Board, ICL KME CS OJSC, Kazan, Russia (since 25 June 2008)
- Director and President of the Board, Fujitsu Services SA (France), Asnières-sur-Seine, France (since 4 August 2008)

Andrew MacNaughton
Managing Director, Fujitsu Services Overseas Holding Ltd., London, UK
Member of the Supervisory Board (since 12 August 2008)
Chairman of the Supervisory Board (until 11 August 2008)

- Director and Chairman of the Board, ICL KME CS, Kazan, Russia (until 25 June 2008)
- Director and President, Fujitsu Services Italia SpA, Milan, Italy (until 16 June 2008)
- Director, Fujitsu Services S.A.U., Madrid, Spain (until 6 March 2009)
- Director and President of the Board, Fujitsu Services France, Asnières-sur-Seine, France (until 4 August 2008)
- Managing Director, Fujitsu Services Overseas Holdings Ltd., London, UK (until 23 April 2008)

Dr. Klaus-Dieter Rose
Lawyer, Stuttgart
Member of the Supervisory Board (since 2 July 2008)

- Klaus-Dieter Rose does not hold any other mandates

Jason Paul Nield
Lawyer, London
Member of the Supervisory Board (until 20 June 2008)

- Director, Fujitsu Services, Asnières-sur-Seine, France (until 30 May 2008)
- Director, Goldeneye Sp. Z o.o, Warsaw, Poland (until 30 May 2008)

On 31 March 2009, Supervisory Board members held no shares in the Company (compared with 0 shares at 31 March 2008).

Executive Board members
The following persons are members of the Executive Board of TDS Informationstechnologie AG:

Dr. Heiner Diefenbach
Chairman of the Executive Board (since 1 September 2008)
Member of the Executive Board (until 31 August 2008)

- Chairman of the Supervisory Board, Hexagon AG, Wiesbaden, Germany
- Managing Director, ROSEA Trendpark Objektverwaltung Beteiligungs-GmbH, Neckarsulm, Germany
- Secretary, TDS Systemhouse PLC, Chesterfield, UK
- Director, TDS Systemhouse PLC, Chesterfield, UK
- Member of the Administrative Board, TDS MultiVision AG, Regensdorf, Switzerland
- Managing Director, TDS IT Consulting GmbH, Neckarsulm, Germany

Konrad Meier
Member of the Executive Board (since 13 March 2009)

- Director, TDS Systemhouse PLC, Chesterfield, UK

Winfried Holz
Chairman of the Executive Board (until 31 August 2008)

- Managing Director, Fujitsu Services GmbH, Düsseldorf (until September 2008)

On 31 March 2009, Supervisory Board members held no shares in the Company (0 shares at 31 March 2008).

MANAGEMENT REPORT

1 General information on the TDS Group

The figures and statements in the consolidated financial statements of TDS Informationstechnologie AG, Neckarsulm, Germany (hereinafter “TDS AG” or “parent company” and its subsidiaries (hereinafter “TDS”, “the Company”, “the Group” or “the TDS Group”) are compiled pursuant to Section 315a of the German Commercial Code (HGB) and in accordance with International Financial Reporting Standards (IFRS, formerly International Accounting Standards — IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), as applicable in the European Union.

The TDS fiscal year now corresponds to that of Fujitsu Services Overseas Holding Limited, London, UK (hereinafter “Fujitsu Services”) and ends on 31 March. A short fiscal year was necessary for the period 1 January 2008 to 31 March 2008.

All currency amounts are given in thousand euros (€ thousands), unless otherwise stated.

Actual development may deviate significantly from expectations expressed in forward-looking statements.

Structure of the TDS Group

TDS Informationstechnologie AG and its subsidiaries offer IT outsourcing, HR services and solutions and IT consulting to mid-size enterprises and major corporations, as well as charity and church organisations, and local-government agencies. Activities are concentrated in Germany, Austria and Switzerland. In Germany, business operations are shared between TDS AG, and its subsidiaries HR Services & Solutions GmbH, Neckarsulm, and TDS IT Consulting GmbH, Neckarsulm. IT outsourcing services are delivered by TDS Informationstechnologie AG, which, as the parent company, also manages the Company’s subsidiaries and is responsible for additional tasks within the TDS Group.

In fiscal 2008/2009, TDS AG purchased the remaining 50 per cent stake in ROSEA Trendpark Objektverwaltungsgesellschaft mbH & Co. KG, Neckarsulm (hereinafter “ROSEA KG”), making ROSEA KG a wholly owned subsidiary. ROSEA KG delivers facility management services for property used by TDS and Fujitsu Services GmbH, Düsseldorf (hereinafter “Fujitsu Services GmbH”). Due to the low business volume of ROSEA KG, the company is of minor significance for TDS segments and for the assessment of business activities.

TDS AG has the following significant indirect and direct subsidiaries:

Subsidiaries	Holding in per cent
Germany	
TDS HR Services & Solutions GmbH, Neckarsulm, Germany	100 %
TDS IT Consulting GmbH, Neckarsulm, Germany	100 %
ROSEA Trendpark Objektverwaltungsgesellschaft mbH & Co. KG, Neckarsulm	100 %
Outside Germany	
effect Personalmanagement GmbH, Pasching, Austria	100 %
TDS MultiVision AG, Regensdorf, Switzerland	100 %
TDS Systemhouse plc., Chesterfield, UK	100 %

Shares in TDS AG are listed on the Frankfurt stock exchange and all other German bourses.

Fujitsu Services is the majority shareholder of TDS AG, having purchased the majority of shares (79.42 per cent) in the Company from the previous majority shareholder with effect from 18 January 2007. On 11 January 2008, TDS AG and Fujitsu Services concluded a subordination agreement. The agreement was approved by the Supervisory Board on 11 January 2008, and by shareholders at an extraordinary shareholders’ meeting on 29 February 2008. The subordination agreement was entered into the commercial register on 2 June 2008, at Stuttgart Court. The subordination agreement includes provisions on the transfer of loss to Fujitsu Services, the appropriate compensation for remaining shareholders, and the mandatory offer. A mandatory offer in the amount of €3.13 per share was published in the electronic Federal Gazette on 13 June 2008.

Offices and main operational sites

TDS has its headquarters in Neckarsulm, Germany, as well as three central data centres it employs to deliver computing/hosting services. In fiscal 2008/2009, TDS maintained offices in Hanover, Iserlohn, Hamburg, Düsseldorf, Munich and Würzburg.

TDS IT Consulting GmbH, Neckarsulm, has further sites in Munich, Hamburg, Eschborn, Bielefeld, Berlin and Düsseldorf.

TDS HR Services & Solutions GmbH, Neckarsulm, has offices in Munich, Wiesbaden, Berlin, Düsseldorf, Neuss, Röhrsdorf, Würzburg, Cologne, Butzbach, Magdeburg, Stenn/Zwickau, Chemnitz, Bonn and Hamburg.

ROSEA KG does not have any further sites.

Significant products, services and processes

TDS has named its segments after the services it provides: IT Outsourcing, HR Services & Solutions and IT Consulting.

a) IT Outsourcing

The IT Outsourcing business unit provides application hosting at its state-of-the-art data centres, and assumes responsibility for customers' entire IT infrastructures.

Within the scope of application hosting, TDS operates and maintains customers' applications. These include both standardised and customised solutions, providing the customer with exclusive access to a company-specific IT environment. TDS makes hardware and software available in line with customers' specific requirements. Standard applications include SAP software, e-business solutions, data-warehousing solutions, and Electronic Data Interchange (EDI) solutions. TDS can also manage a customer's entire IT landscape, and streamline operations.

b) HR Services & Solutions

The HR Services & Solutions segment provides end-to-end payroll-accounting solutions within the scope of Business Process Outsourcing (BPO), and many other employee-management services. It also develops and markets software for HR, the non-profit sector, and for financial accounting. These solutions are geared to the specific needs of charity and church organisations, and local-government agencies.

c) IT Consulting

TDS has a comprehensive offering in IT Consulting, with a focus on consulting and management services for SAP applications and Enterprise Content Management (ECM) solutions, and on marketing ECM and SAP licenses. As a long-standing SAP partner, TDS specialises in the selection, implementation and operation of SAP software. Its comprehensive SAP consulting portfolio ranges from planning and implementation, to maintenance and ongoing enhancement of SAP systems, to made-to-measure solutions for industry-specific needs and challenges — particularly in the pharmaceutical and chemical sectors, financial services and logistics.

Markets and competitive position

TDS is represented in Germany, Austria, Switzerland and the UK. The Company generates 94.2 per cent of revenues in Germany, its main market.

Thanks to its strong, long-term customer relationships, TDS is able to rapidly adapt its IT portfolio to customer requirements, and respond flexibly to new market trends and developments, such as selective outsourcing. As a result, the Company is able to continually improve its market position.

Based on the number of payroll transactions, TDS is the market leader for payroll services and HR BPO (Business Process Outsourcing). In addition, the Company offers SAP-related consulting services.

Management and monitoring activities

The Company is managed by an Executive Board, a Supervisory Board and via annual shareholders' meetings. The Executive Board is responsible for day-to-day operational management and represents the Company in dealings with third parties. Until 31 August 2008, there were two Executive Board members: Winfried Holz (Chairman of the Executive Board) and Dr. Heiner Diefenbach. On 31 August 2008, Winfried Holz left TDS. Dr. Heiner Diefenbach assumed the position of Chairman of the Executive Board on 1 September 2008. On 13 March 2009, Konrad Meier was appointed as the second member of the Executive Board. He is responsible for the IT Outsourcing segment, as well as HR, purchasing and internal IT. Dr. Heiner Diefenbach manages the IT Consulting and HR Services & Solutions business units, and fulfils all other administrative functions.

The Supervisory Board is responsible for appointing Executive Board members. In addition, it monitors the work of the Executive Board and provides advice on Company management. In fiscal 2008/2009, the Supervisory Board comprised the following members: Yves Le Gélard (Chairman from 12 August 2008), Andrew MacNaughton (Chairman until 11 August 2008), Jason Paul Nield (until 20 June 2008) and Dr. Klaus-Dieter Rose (from 2 July 2008).

A shareholders' meeting is held at least once a year. Shareholders pass resolutions on the composition of the Supervisory Board, changes to statutes, and dividend payments. Other agenda items include the endorsement of Supervisory Board and Executive Board activities, and the election of auditors. The last ordinary TDS shareholders' meetings were held on 11 and 12 August 2008. The meeting on 11 August 2008 was for the fiscal year from 1 January 2007 to 31 December 2007, and the meeting on 12 August for the short fiscal year from 1 January to 31 March 2008. All proposals tabled on the agendas were adopted.

Value-driven management

TDS takes a value-driven approach to management. Sustainable increases in shareholder value will be achieved by focusing on attractive segments of the IT market.

This aim is supported by an integrated monitoring system, which enables effective control and coordination of all business operations. The corresponding key performance indicators are revenues, EBITDA (earnings before interest, taxes, depreciation and amortisation), EBIT (earnings before interest and taxes), net income, order intake, cash flows, capital expenditure, and receipt of payments (days sales outstanding – DSO).

Via monthly Group-wide reporting, actual results are compared to targets, and any deviations are analysed. In addition, management is also based on qualitative goals, such as the development of new solutions, winning new reference customers, and certification by customers, suppliers, and external organisations and companies.

The personal targets of employees are aligned with corporate goals by means of individual performance-related agreements. Material qualitative and quantitative parameters remained unchanged in fiscal 2008/2009, and are comparable with previous years.

Code of conduct

The Executive Board introduced a Company-wide code of conduct in fiscal 2006. This code is a binding set of rules for all employees, and will ensure sustainable financial success, and provide visibility into staff conduct. The aim of the code is to minimise risk, ensure compliance with legal requirements, and safeguard the reputation of the Company among customers, partners, shareholders, and the general public.

2 Economic parameters and business development

General economic fundamentals

The international financial crisis had a negative impact on the European economy in 2008. According to the Statistical Office of the European Communities (Eurostat), aggregated gross domestic product (GDP) for the eurozone showed a quarter-on-quarter decrease from the second quarter of 2008. GDP fell from 0.7 per cent in the first quarter by 0.3 per cent in both the second and third quarters. In the fourth quarter, GDP was down 1.6 per cent in comparison to the previous quarter.

This decrease was more marked in Germany. A 1.5 per cent increase in GDP in the first quarter was followed by a 0.5 per cent drop in both the second and third quarters. In the fourth quarter of 2008, GDP fell by 2.1 per cent in Germany.

The business climate index of the Ifo institute for economic research offers an early indication of economic development. For the first quarter of 2009, Ifo forecast a significant deterioration in the eurozone's economic climate for the sixth time in a row. The economic climate deteriorated in all eurozone countries in the first quarter and is now at an all-time low. According to Ifo, companies' expectations for the next six months have improved but remain reserved.

The economic situation has worsened since the last survey, particularly in Germany. In the view of WES experts, the economic decline will continue over the next six months.

Industry-specific fundamentals

Industry association BITKOM regularly publishes information on the development of the German IT market. This information is based on studies by the European Information Technology Observatory (EITO).

According to EITO and BITKOM, there was stable development in IT markets (hardware, software and IT services) in 2008, despite the general deterioration in the economy.

In Europe, market volume for IT totalled approx. €309 billion in 2008 (€298 billion in 2007), according to EITO, including €88 billion for hardware and €221 billion for software and IT services. This represents an increase of 3.7 per cent.

According to industry association BITKOM, the German IT market grew from €63.9 billion by 3.7 per cent to €66.2 billion in 2008. While hardware sales remained stable at €19.2 billion, revenues from IT services and software rose. The German market for IT services expanded by 5.7 per cent, from €30.8 billion to €32.5 billion. Software sales climbed by 4.2 per cent, from €13.9 billion to €14.5 billion.

Assessment by the Executive Board

The impact of the general decline in the economy on the IT sector has not been as great as in other industries. IT market volume in Germany and Europe grew in 2008, bucking overall negative trends.

At TDS, strong demand for IT outsourcing and HR services led to an improvement in revenues and EBIT in fiscal 2008/2009.

Overview of TDS business development
In fiscal 2008/2009, TDS posted net income of €12,200 thousand. This figure was €1,039 thousand in the short fiscal year 2008 and €4,231 thousand in the same period of 2007/2008, i.e. from 1 April 2007 to 31 March 2008 (unaudited figures).

The €7,969 thousand rise in net income in comparison to the same period of 2007/2008 is mainly due to lower operating expenses and positive one-time tax effects. The increase in revenues was greater than the increase in cost of sales, so that gross profit remained almost unchanged with €32,360 thousand in fiscal 2008/2009, compared to €32,032 thousand in the same period of 2007/2008. Thanks to the reduction in operating expenses, EBIT climbed from €10,109 thousand in 2007/2008 to €12,032 thousand in fiscal 2008/2009. Furthermore, financial income fell by €551 thousand and income taxes rose by €6,597 thousand.

The TDS Executive Board is satisfied with the economic development of the Company in fiscal 2008/2009. All segments grew and posted a profit.

3 Business development

Comparison of actual business development with forecasts
TDS generated revenues of €132 million in fiscal 2008/2009, exceeding the projected figure of around €115 million. As forecast, all three segments contributed to growth. TDS also posted EBIT margin of 9.1 per cent, surpassing its target of between 8 and 9 per cent.

Earnings

The figures in these consolidated financial statements are generally compared to those for the short fiscal year from 1 January 2008 to 31 March 2008. However, the following figures for earnings have been compared to unaudited figures for the same period last year (1 April 2007 to 31 March 2008), insofar as this enables better comparison.

Germany remains main driver of revenues and earnings
TDS Group activities focus on Germany, Austria and Switzerland. However, the Group also has a presence in the UK. In fiscal 2008/2009, TDS generated 94.2 per cent of revenues in Germany (93.8 per cent in short fiscal 2008).

The TDS Group maintained its strong position in fiscal 2008/2009, particularly with regard to IT Outsourcing and HR Services & Solutions. Strong, long-term customer relationships in these segments enable the Group to leverage market growth to its advantage.

Development of earnings
Overview of earnings at TDS:

	2008/2009		Q1 2008		2007/2008*	
	€ thousands	%	€ thousands	%	€ thousands	%
Revenues	131,930	100.0	29,008	100.0	112,431	100.0
Cost of sales	-99,570	-75.5	-22,163	-76.4	-80,399	-71.5
Gross profit	**32,360**	**24.5**	**6,845**	**23.6**	**32,032**	**28.5**
Operating income/expenses	-20,328	-15.4	-5,017	-17.3	-21,923	-19.5
EBIT	**12,032**	**9.1**	**1,828**	**6.3**	**10,109**	**9.0**
Financial income/expenses	-2,230		-144		-1,679	
Earnings before taxes (EBT)	**9,802**		**1,684**		**8,430**	
Tax income (last year: tax expense)	2,398		-645		-4,199	
Net income	**12,200**		**1,039**		**4,231**	

*)= unaudited

As the overview reveals, EBIT margin improved by 2.8 per cent in comparison to the short fiscal year 2008, from 6.3 per cent to 9.1 per cent, and by 0.1 per cent in comparison to fiscal 2007/2008, from 9.0 per cent to 9.1 per cent.

The following text gives an account of the development of EBIT margin for individual segments:

Earnings before interest and taxes (EBIT)
The development of EBIT for individual segments:

	IT Outsourcing		HR Services & Solutions		IT Consulting		Group (consolidated)	
	2008/ 2009 € thousands	2007/ 2008* € thousands	**2008/ 2009** € thousands	2007/ 2008* € thousands	**2008/ 2009** € thousands	2007/ 2008* € thousands	**2008/ 2009** € thousands	2007/ 2008* € thousands
External revenues	61,752	53,068	50,909	41,922	19,269	17,441	131,930	112,431
Intersegment revenues	4,478	4,034	346	234	6,647	3,499		
Total segment revenues	**66,230**	**57,102**	**51,255**	**42,156**	**25,916**	**20,940**		
Cost of sales	-48,187	-39,114	-41,573	-32,316	-23,255	-17,253	-99,570	-80,399
Gross profit	**18,043**	**17,988**	**9,682**	**9,840**	**2,661**	**3,687**	**32,360**	**32,032**
Gross margin (in %)	27.2	31.5	18.9	23.3	10.3	17.6	24.5	28.5
Operating expenses/income	-8,433	-9,600	-7,265	-7,791	-2,656	-4,015	-20,328	-21,923
EBIT	**9,610**	**8,388**	**2,417**	**2,049**	**5**	**-328**	**12,032**	**10,109**
EBIT margin (in %)	14.5	14.7	4.7	4.9	0.02	-1.6	9.1	9.0
Depreciation and amortisation	7,874	6,526	2,184	2,393	797	677	10,855	9,596
EBITDA	**17,484**	**14,914**	**4,601**	**4,442**	**802**	**349**	**22,887**	**19,705**
EBITDA margin (in %)	26.4	26.1	9.0	10.5	3.1	1.7	17.3	17.5

*)= unaudited

IT Outsourcing
In IT Outsourcing, TDS generated revenues of €66,230 thousand in fiscal 2008/2009, up 16.0 per cent over fiscal 2007/2008 (€57,102 thousand). This increase is mainly due to new customers, some of which came from the Fujitsu Group, and due to additional business with existing customers.

In fiscal 2008/2009, order intake amounted to €69,221 thousand. Order backlog was €119,249 thousand on 31 March 2009, an increase of 6.6 per cent over 31 March 2008. Order backlog is equivalent to approximately two years.

In comparison to 2007/2008, gross margin fell from 31.5 per cent to 27.2 per cent. This is due to the acquisition of large customers for which upfront project-related investments are required, such as initial implementations, the appointment of new staff and establishment of infrastructure. These investments lead to lower gross margin during the period in which they occur. The decrease in gross margin was offset by lower operating expenses, mainly thanks to efficiency improvements and economies of scale. As a result, EBIT margin was down only slightly over the previous period, from 14.7 per cent to 14.5 per cent.

At 31 March 2009, the IT Outsourcing segment had 376 employees.

In fiscal 2008/2009, the decision was made to construct a new data centre to avoid capacity restraints.

HR Services & Solutions
Revenues from HR Services & Solutions climbed by €9,099 thousand (21.6 per cent), from €42,156 thousand in 2007/2008 to €51,255 thousand in fiscal 2008/2009. This is mainly due to business with new customers.

In fiscal 2008/2009, order intake amounted to €52,629 thousand. Order backlog was €73,172 thousand at 31 March 2009. This corresponds to a 2.4 per cent increase over last year. Order backlog is equivalent to approximately 1.5 years.

The HR Services & Solutions segment was also able to offset a reduction in gross margin (from 23.3 per cent to 18.9 per cent) by a decrease in operating expenses. EBIT margin remained unchanged over last year at 4.7 per cent. Similar to the IT Outsourcing segment, these effects were primarily due to upfront project-related investments that led to a decrease in gross margin, and due to a reduction in operating expenses achieved through efficiency improvements and economies of scale.

At 31 March 2009, 579 staff were employed in this segment.

IT Consulting
In IT Consulting, the TDS Group posted revenues of €25,916 thousand in fiscal 2008/2009, an increase of 23.8 per cent over 2007/2008 (€20,940 thousand). This was mainly the result of services performed for Fujitsu Services.

Order intake amounted to €17,174 thousand in fiscal 2008/2009. Order backlog was €7,924 thousand at 31 March 2009, corresponding to a decrease of 20.9 per cent over last year.

Gross margin fell from 17.6 per cent to 10.3 per cent due to lower project returns.

As a result of the significant decrease in operating expenses, EBIT rose from minus €328 thousand in the same period of 2007/2008 to €5 thousand in fiscal 2008/2009. The reduction in operating expenses is primarily thanks to efficiency improvements and economies of scale with regards to collaboration with Fujitsu Services.

At 31 March 2009, the TDS Group employed 162 staff in this segment.

Financial income (interest)
Negative financial income (interest) fell by €551 thousand over fiscal 2007/2008, from minus €1,679 thousand to minus €2,230 thousand. This is mainly due to a fall in income from associated companies. After posting positive income from associated companies in 2007 (€164 thousand) and in the subsequent short fiscal year (€373 thousand), fiscal 2008/2009 saw expenses from associated companies in the amount of €427 thousand.

Income taxes
Income taxes were down from €4,199 thousand in 2007/2008 to €2,398 thousand in fiscal 2008/2009. The €6,597 thousand decrease is due to a ruling passed by Baden-Württemberg finance court regarding deferred tax assets on loss carryforwards. Tax loss carryforwards of €19,553 thousand for partial write-downs made in 2001 were disputed. With a ruling of 30 March 2009, Baden-Württemberg finance court decided are to be recognised. As a result, deferred tax assets in the amount of €5,677 thousand were recorded in the reporting period.

Assets and financial situation

Consolidated balance sheet: assets

Assets	31 March 2009 € thousands	31 March 2008 € thousands
Non-current assets		
Intangible assets	44,835	45,538
Property, plant and equipment	16,235	14,677
Other assets	7,463	4,302
	68,533	**64,517**
Current assets		
Trade receivables	26,376	20,995
Cash and cash equivalents	662	192
Other assets	7,100	6,416
	34,138	**27,603**
Total assets	**102,671**	**92,120**

Intangible assets were almost unchanged with €44,835 thousand at 31 March 2009, in comparison to €45,538 thousand at 31 March 2008. These include concessions, intellectual property and licenses (mainly for software) of €9,581 thousand (€9,064 thousand at 31 March 2008), capitalised software development costs of €3,156 thousand (€4,033 thousand at 31 March 2008), rented software in the amount of €800 thousand (€1,143 thousand at 31 March 2008), and goodwill in the amount of €31,298 thousand (€31,298 thousand at 31 March 2008).

Property, plant and equipment rose by €1,558 thousand due to the acquisition of technical equipment and machinery for data-centre operation and an increase in rented hardware in connection with higher order intake at IT Outsourcing.

The €3,161 thousand rise in other non-current assets to €7,463 thousand is mainly attributable to higher deferred tax assets for losses carries forward.

Trade receivables climbed from €20,995 thousand by €5,381 thousand to €26,376 thousand as the result of TDS' increased business volume.

Other current assets include inventories to the value of €50 thousand (€110 thousand at 31 March 2008), current tax assets in the amount of €112 thousand (€210 thousand at 31 March 2008), receivables due from Fujitsu Services of €2,816 thousand (€3,510 thousand at 31 March 2008), prepaid expenses of €2,429 thousand (€2,236 thousand at 31 March 2008) and other assets to the value of €1,693 thousand (€350 thousand at 31 March 2008).

Consolidated balance sheet: shareholders' equity and liabilities

Shareholders' equity and liabilities	31 March 2009 € thousands	31 March 2008 € thousands
Shareholders' equity	**49,146**	**36,832**
Non-current liabilities		
Financial liabilities	3,948	25,269
Provisions for pensions	5,634	5,283
Other liabilities	186	100
	9,768	**30,652**
Current liabilities		
Financial liabilities	20,622	3,612
Trade payables	4,242	3,742
Provisions	10,907	7,460
Other liabilities	7,986	9,822
	43,757	**24,636**
Total shareholders' equity and liabilities	**102,671**	**92,120**

Financial liabilities break down as follows:

	31 March 2009 € thousands	31 March 2008 € thousands
Amounts due to the majority shareholder	12,300	15,500
Amounts due to banks	5,000	5,001
Finance leases	7,270	8,380
	24,570	**28,881**
Of which are non-current liabilities	3,948	25,269
Of which are current liabilities	20,622	3,612

For the development of financial liabilities not including finance leases, see "Net financial liabilities".

Finance leases exist mainly in connection with leased hardware and fell slightly from €8,380 thousand to €7,270 thousand at 31 March 2009.

Provisions for pensions rose by €351 thousand, from €5,283 thousand to €5,634 thousand, due to contributions to existing pension plans.

Net financial liabilities

Minimising financial risks and continuously optimising financing arrangements are key tasks of Company management. Through long-term financial planning, the Group has established a system of liquidity planning covering a period of twelve months, offering high visibility into its financial situation and liquidity. Credit lines made available by Fujitsu Services Limited and improved profitability ensure that TDS management always has sufficient cash reserves at its disposal.

In fiscal 2008/2009, net financial liabilities developed as follows:

	31 March 2009 € thousands	31 March 2008 € thousands
Amounts due to Fujitsu Services (FSOHL)	0	15,500
Amounts due to Fujitsu Services Limited	12,300	0
Corporate bond	5,000	5,000
Amounts due to banks	0	1
Gross financial liabilities	**17,300**	**20,501**
Receivables due from Fujitsu Services (FSOHL)	0	1,800
Cash and cash equivalents	662	192
Net financial liabilities	**16,638**	**18,509**

Within the scope of the intercompany loan arrangement concluded between TDS and Fujitsu Services Overseas Holdings Limited, London, UK (FSOHL) on 25 April 2007, a non-amortising loan in the amount of €17,000 thousand and with a term of 36 months was granted by FSOHL on 28 December 2007. The interest rate is 6.35 per cent per annum for the entire term of the loan, with interest due for payment on a quarterly basis. An unscheduled repayment of €3,200 thousand was made in fiscal 2008/2009.

On 20 March 2009, the existing loan arrangement was replaced by a new arrangement between TDS AG and Fujitsu Services Limited, London, UK (Fujitsu Services Limited) for a loan of €30,000 thousand, of which €12,300 thousand had been exercised at 31 March 2009. The term of the loan runs until 19 March 2010, with variable interest based on the EURO Libor rate plus 2 per cent. The current interest rate, defined for the period leading up to 19 June 2009, is 3.61188 per cent.

Statement of cash flows (executive summary)

	2008/2009 € thousands	Q1 2008 € thousands
Cash flows from operating activities	**12,878**	**3,397**
Purchase of intangible assets, property, plant and equipment	-8,301	-2,454
Changes in consolidation (last year: changes in financial assets)	1,032	180
Cash flows from investing activities	**-7,269**	**-2,274**
Cash flows from financing activities	**-5,143**	**-2,995**
Currency translation effects	4	1
Proceeds from the purchase of consolidated companies (last year: changes in financial assets)	470	-1,871
Cash and cash equivalents	**662**	**192**

In fiscal 2008/2009, the TDS Group invested €13,555 thousand in intangible assets and property, plant and equipment (€3,379 thousand in the short fiscal year from 1 January to 31 March 2008). Total capital expenditure included actual payments of €10,277 thousand (€2,455 in the short fiscal year 2008), with €2,982 thousand due for future payment under leasing agreements (€962 thousand in the short fiscal year 2008). Capital expenditure was offset by proceeds from the disposal of non-current assets, of €1,976 thousand in fiscal 2008/2009 (€1 thousand in the short fiscal year 2008), leading to net capital expenditure of €8,301 thousand (€2,454 thousand in the short fiscal year 2008).

Capital expenditure for property, plant and equipment totalled €9,335 thousand in 2008/2009 (€2,408 thousand in the short fiscal year 2008), and was primarily attributable to computer and office equipment for customer projects. In fiscal 2008/2009, the Group invested €4,220 thousand in intangible assets (€971 thousand in the short fiscal year 2008). This was mainly for in-house software development in the amount of €1,250 thousand (€184 thousand) and new concessions and licenses in the amount of €2,835 thousand (€787 thousand). Capital expenditure includes leased assets to the value of €2,982 thousand for customer projects (€962 thousand in the short fiscal year 2008).

The decrease in cash flows from financing activities, from minus €2,995 thousand to minus €5,143 thousand, is mainly due to the repayment of amounts due to the majority shareholder in fiscal 2008/2009, totalling €3,200 thousand.

Other performance indicators

TDS group are handled at state-of-the-art TDS data centres in Neckarsulm, Germany, and Regensdorf, Switzerland. The facilities meet all the latest security standards. The Neckarsulm centres are certified in accordance with ISO 9001:2000 and ISO 27001:2005, and VDA prototype protection requirements. Furthermore, they are validated in accordance with EU-cGMP (Good Manufacturing Practice), and Section 25a, Subsections 1 and 2 of the German Banking Law (KWG).

There is no dependency on suppliers because the Company ensures access to at least two suppliers for all key products and services. However, a certain dependency exists at IT Consulting due to the focus on the SAP space; this is actively managed and monitored. TDS evaluates key suppliers annually, with a rating of delivery capability, strategy, problem solving, willingness to collaborate, and communications. If the overall rating is only “satisfactory”, the Company switches supplier.

Summary of business development in fiscal 2008/2009

Overall, we are satisfied with business development in fiscal 2008/2009. Key performance indicators for finances and earnings improved.

4 Research and development (R&D)

TDS is an IT service provider, and as such has no dedicated R&D department. However, the Company regularly reviews its service portfolio, and takes steps to accommodate changing market and customer requirements, in line with overall Company strategy. In addition, the HR Services & Solutions and IT Consulting segments carry out development work to ensure the successful evolution of the Company’s software products.

5 Employees

The TDS Group employed 1,117 staff at the balance-sheet date (986 at 31 March 2008), of which 376 were employed at IT Outsourcing (320 at 31 March 2008), 579 in the HR Services & Solutions segment (507 at 31 March 2008), and 162 at IT Consulting (159 at 31 March 2008). The average age was 39.2. At 31 March 2009, there were 35 trainees (22 at 31 March 2008). Staff turnover during the fiscal year, expressed in terms of the number of employees leaving the Company in relation to the average headcount for the entire year, was 11.5 per cent.

In fiscal 2008/2009, the Company invested €947 thousand in the external training and development of staff (€228 thousand in the short fiscal year 2008). TDS also organised many in-house training sessions.

TDS promotes the high commitment of its staff, and rewards good performance by means of variable salaries. The variable salary should generally account for at least 10 per cent, or sometimes more than 30 per cent, of an employee’s total salary. Employee performance is assessed on the basis of personal goals, and the underlying goals of the Company — for example, TDS operating earnings.

TDS is committed to developing its own people, and has high expectations of its staff. To compensate for the lack of executive recruits and skilled professionals on the open market, TDS employs a defined career-development model. In total, there are ten positions defined at TDS: consultants, systems administrators, sales staff, clerks, senior professionals, assistants, administrative staff, project managers, developers, and support agents. Each position has its own career-development path along which employees can progress as they acquire more skills and experience. TDS offers training and development programs for both hard skills (sales, consulting, project management), and soft skills (motivation and success, speaking and presentation skills, chairing meetings, and management).

6 Compensation report

The TDS compensation report describes the principles for defining Executive and Supervisory Board remuneration. Disclosures regarding the amounts of compensation and the number of shares held by Executive and Supervisory Board members can be found in the notes to the consolidated financial statements, see note 45 “Further relevant information concerning the Executive and Supervisory Board”.

Executive Board compensation

The HR Committee of the Supervisory Board is responsible for defining Executive Board compensation. Executive Board compensation is performance related and can be broken down into three components: fixed compensation, variable compensation, and compensation for additional roles and responsibilities. For fixed and variable compensation, a target income is defined and subject to regular examination. Examinations comprise assessment of personal performance, of the economic development of TDS, and of Executive Board compensation at comparable companies.

Executive Board compensation breaks down as follows:

- Fixed compensation, which is paid as a monthly salary.

- In addition, Executive Board members receive compensation for additional roles and responsibilities in the form of company cars for private use, and insurance premiums.

- Variable compensation is in the form of an annual, performance-related bonus. Calculation of the bonus is based on the individual performance of Executive Board members and the performance of the Company, comparing actual performance to the targets set for each Executive Board member at the beginning of the year. The definition of targets and the extent to which they are achieved are subject to the discretion of the Supervisory Board.

  Executive Board member Dr. Heiner Diefenbach receives an additional bonus, regardless of whether mid-term targets for increasing the Company's value are achieved. This bonus is based on the extent to which the Company achieves targets defined at the start of each fiscal year on the basis of mid-term planning.

- In the past, Executive Board members were granted subscription rights to shares (share options) and virtual share options within the scope of compensation. The current compensation system does not employ share-based payment as a long-term incentive; no share-based compensation was granted to Executive Board members during the reporting period, as in the preceding short fiscal year.

At 31 March 2008, the former Chairman of the Executive Board, Ralf Klemisch, held 25,000 subscription rights to shares. These rights expired in November 2008.

Other business

TDS has a Directors and Officers Insurance (D&O insurance) for Executive and Supervisory Board members that covers personal liability for a defined group of people. No deductible exists as defined by Subsection 3.8 of the German Corporate Governance Code. A general consensus has not been reached at TDS as to the usefulness of defining an appropriate deductible, and, as before, no recognisable standard practice been established.

Should the Chairman of the Executive Board be dismissed from his position for reasons other than gross misconduct, and should his relationship with the Company come to an end prematurely as a result of this dismissal, the Chairman shall receive compensation based on his basic salary for the total remaining term of his employment contract, plus bonuses.

If no mutual agreement is reached by 31 December 2011 with regards to the continuation or termination of the Executive Board contract of Dr. Heiner Diefenbach, and, as a result, his Executive Board contract comes to an end on 31 December 2012, Dr. Heiner Diefenbach shall receive additional compensation provided the contract is not terminated due to gross misconduct. This compensation shall amount to one month of his gross salary for each year of his Executive Board contract since 1 January 2005, including bonuses based on his salary for the previous year. This compensation shall also be paid if the contract is terminated by mutual agreement before the end of its term, as described above.

Furthermore, this compensation shall be paid if the Company changes its legal form before 31 December 2012 and Dr. Heiner Diefenbach is not offered a position on the Executive Board or in senior management, or if the Company is acquired by or merged with Fujitsu before 31 December 2012. In the same way, Dr. Heiner Diefenbach is entitled to this compensation if there is a change of control at TDS. A change of control exists if a majority holding in the Company is purchased by a legal entity outside of the Fujitsu Services group.

Konrad Meier's employment contract with TDS, signed on 27 December 2004, is suspended for the duration of his contract of service on the Executive Board. TDS has guaranteed that the employment contract will be reinstated following conclusion of the contract of service, unless the contract of service is terminated by the Company with good reason (Section 626 of the German Civil Code).

No loans or advanced payments were granted to Executive Board members in fiscal 2008/2009; in addition, TDS did not enter into any agreements with Executive Board members that led to contingent liabilities for the Company.

In fiscal 2008/2009, third-party services were neither promised nor granted to Executive Board members for their activities on the Executive Board.

Supervisory Board compensation

Supervisory Board remuneration is defined in Section 17 of the Articles of Incorporation, whereby each Supervisory Board member receives the following:

a) fixed compensation in the amount of €8,000.00, payable at the end of the fiscal year;

b) a bonus payable after the Company's consolidated financial statements have been approved, in the amount of €500.00 for each €0.01 net income per share (fully diluted), or part thereof, over and above net income per share of €0.09;

c) a fee for attending Supervisory Board meetings or committee meetings, in the amount of €1,250.00 per meeting.

The amounts given above for the fixed compensation and bonus are doubled for the Chairman of the Supervisory Board, multiplied by a factor of 1.5 for the Deputy Chairman of the Supervisory Board and for the Chairmen of Supervisory Board committees, and multiplied by a factor of 1.25 for selected members of Supervisory Board committees. Should a Supervisory Board member exercise more than one of these functions, compensation is paid on the basis of the function with the highest compensation.

Individuals who are only Supervisory Board members for part of a fiscal year receive compensation pro rata in relation to the duration of their membership.

Supervisory Board members also receive reimbursement for expenses incurred when performing their tasks. The Company also reimburses VAT on payments they have received from TDS.

Compensation for Supervisory Board members totalled €125 thousand in fiscal 2008/2009. A detailed overview can be found in note 45 “Further relevant information concerning the Executive and Supervisory Board”.

In fiscal 2008/2009, the Company did not pay compensation or grant benefits for services delivered in person by Supervisory Board members, in particular for consulting or brokerage services.

7 Disclosures pursuant to Section 315, Subsection 4 of the German Commercial Code (HGB)

As a stock corporation with publicly traded voting shares, as defined under Section 2 Subsection 7 of the German Securities Acquisition and Takeover Act (WpÜG), TDS is obliged to disclose the following:

Breakdown of share capital
The share capital of the Company consists entirely of voting shares, each with a nominal value of €1.00.

Restrictions on voting rights or the transfer of shares
There are no restrictions on voting rights or the transfer of shares.

Direct and indirect holdings with more than 10 per cent of voting rights
At 31 March 2009, Fujitsu Services Overseas Holdings Limited, 22 Baker Street, London W1U 2BW, UK, directly held over 79.42 per cent of shares in TDS.

Bearers of shares with special rights
There are no bearers of shares with special rights.

Type of control in the case of voting rights for employee shares
There are no employee shares. There are no controls through voting rights for free-float shares.

Legal provisions and provisions in the Articles of Incorporation for the appointment of Executive Board members and termination of their membership, and for changes in the Articles of Incorporation
The appointment of Executive Board members and the termination of their membership, and changes in the Articles of Incorporation, are based on the corresponding legal provisions. There are no provisions in the Articles of Incorporation that deviate from legal provisions.

Authority of the Executive Board to issue and buy back shares
The Executive Board is authorised to increase the Company’s share capital with the agreement of the Supervisory Board on one or multiple occasions by up to a total of €14,589,308.00 until 2 July 2011, by means of issuing new bearer shares against cash or non-cash contributions (authorised capital).

The Executive Board is authorised to increase share capital by up to €432,000.00 by means of issuing up to 432,000 bearer shares (authorised-but-contingent capital IV). Furthermore, the Executive Board is authorised to increase share capital by up to €7,750,000.00 by means of issuing up to 7,750,000 bearer shares (authorised-but-contingent capital V).

Material agreements relating to a change of control in the event of a takeover bid
There are no agreements that lead to a mandatory offer in accordance with Section 35 of the German Securities Acquisition and Takeover Act (WpÜG). Change-of-control clauses are included in certain contracts with customers, suppliers and banks. At 31 March 2009, there was not a single case where a contractual partner has invoked such a clause.

Compensation agreements
There are no compensation agreements for the Supervisory Board.

Should the Executive Board contract of Dr. Heiner Diefenbach be terminated in connection with a change in control at TDS, he is entitled to compensation in the amount of one month of his gross salary for each year of his Executive Board contract since 1 January 2005, plus a bonus payment based on his salary for the previous year.

8 Risk report

Definitions
The TDS Group considers any factors that may jeopardise the achievement of strategic, financial and operational targets to be risks. As a result, it is essential to systematically identify and analyse risks and carefully manage responses to risks, to ensure that long-term goals are met.

Equally, the chance of a favourable development for TDS is considered an opportunity. Opportunities are identified, analysed and managed within the scope of opportunity management. Opportunities available to TDS are detailed in section 10 "Outlook".

Aims of risk management
The TDS Group is committed to systematically and continuously increasing shareholder value. The Company takes appropriate and manageable risks where this enables opportunities arising from TDS' core competencies to be exploited, and where there is potential for corresponding value added. However, aggregate exposure must not exceed aggregate potential cover. Moreover, the Company does not engage in any speculative business activities. As an integral part of value-driven management, risk management reports are submitted directly to the Executive Board. TDS regularly identifies risks in all significant business processes, across all segments. Within the scope of systematic risk management, these risks are analysed and monitored. The system also supports the detection and optimisation of risk positions, as well as the exploitation of opportunities.

Professional risk management
TDS has implemented a Group-wide risk-management system that enables early detection and professional evaluation of risks, and permits their control and minimisation by means of adequate tools. It includes a wide range of control mechanisms, e.g. for the identification, monitoring and control of internal company processes and business risks. By defining Group-wide standards and requirements, the Executive Board has created the framework for systematic and effective risk management. The risk-management system supports the assessment and management of risks, as well as the exploitation of opportunities. Close cooperation between the Supervisory Board and the Executive Board is an integral part of this system.

The operational managers of individual divisions are responsible for early detection, control and communication of exposure. The next highest level of management is responsible for monitoring these activities. There is regular reporting on exposure, including the first occurrence, the status and material changes to significant risks. This also entails regular reporting on current exposure to the Executive Board by heads of the divisions (segments). Moreover, where it is a matter of urgency, significant new risks are communicated directly and immediately to the Executive Board outside the scope of regular reporting.

Implementation of the risk-management system and controls is verified by external auditors. The insights gained through this independent review are employed to refine procedures for early detection and control.

Operational risk

<u>Economic risks</u>

The demand for IT products and services depends on the development of the economy as a whole. The Company will be less willing to invest in light of the current recession, triggered by the financial crisis. It is possible that the demand for IT services may fall, and investment in new projects may be postponed, or fail to materialise.

<u>Market- and customer-related risks</u>

Low or negative growth may cause competition to intensify in the IT market, particularly in the consulting and outsourcing segments. Mergers, and the arrival of new competitors, could negatively impact profitability, and prevent TDS from reaching targets for IT Consulting and HR Services & Solutions, as well as for IT Outsourcing. TDS' customer base is sufficiently diversified in all three segments, so TDS is not overly dependent on specific price or industry developments.

Competitive pressures remain high in the IT consulting market. SAP AG is developing its own sales organisation, and will therefore be an additional competitor in the mid-term. This makes it more difficult for TDS to achieve high daily rates with new customers or in new projects with existing customers, despite our expertise in specific industries and applications.

HR is a growth market, attracting players with a variety of core competencies, such as management consultants, telcos, and hardware vendors. This may lead to fiercer competition. Possibly, the Company will not succeed in persuading customers of the value and benefits of TDS services. Overall, the HR segment is primarily exposed to market change. Risks are limited and reasonably calculable in nature, as BPO, ASP and maintenance services are delivered via long-term contracts in 90 per cent of cases, ensuring the long-term viability of the segment. At present, there are no identifiable material risks that pose a threat to this segment's future.

There is a certain dependency on major customers at IT Outsourcing. 80 per cent of total revenues in this segment are generated with 25 per cent of customers. Furthermore, it is not possible to entirely rule out unexpected errors or defects that could cause additional costs or damage the Company's image. Equally, the possibility of customers filing claims for damages cannot be fully excluded.

Technical risks

There is a risk of technical faults occurring at TDS data centres. TDS counters this risk by meeting extremely high quality standards and ensuring ongoing availability through redundancy.

HR-related risks

TDS' success relies heavily on the availability of employees with excellent IT and interpersonal skills. A lack of skills and a loss of expertise due to a high turnover therefore represent the most significant risks. The need for skilled staff is especially crucial given the growth of business units. To counter this risk, the Company will continue to position itself as an attractive employer. TDS hopes to increase the long-term loyalty of senior managers, with a dedicated program for the recognition of specialist and management skills.

Financial risks

Levels of receivables may conceal risks relating to their realisation in individual regions or subsidiaries. TDS counters this risk with strict receivables management and rapid risk classification.

There may be certain risks associated with the financial structure of the Company. In Fujitsu Services Limited, TDS has a strong, reliable partner and access to liquidity of around €30 million. Only €12.3 million of this amount had been claimed at the balance-sheet date, resulting in zero liquidity risk.

The goal of financial instruments is to minimise risks arising from the negative development of financial markets on the financial situation and earnings of TDS, insofar as this is possible. These include derivative financial instruments that are employed by the Company exclusively to hedge underlying transactions.

In fiscal 2008/2009 there were no transactions involving derivative financial instruments. Off-balance-sheet financial instruments, such as the sale of receivables (factoring), asset-backed securities transactions, and sale-and-lease-back arrangements were not applied.

Conclusion

TDS is confident that the risks identified here neither individually nor in their totality are of a type that threatens the viability of the Company. The market and financing risks described are limited and reasonably calculable. At present, there are no identifiable material risks that could threaten the future of the Company.

9 Events after the balance-sheet date

There were no transactions of particular significance that could negatively impact the Company's assets, financial position, or earnings.

The Company has not identified any serious macroeconomic or industry-related changes since the balance-sheet date (31 March 2009) that could lead to a change in the assessment of the Company's situation.

10 Outlook

Outlook for TDS

The outlook for TDS and its subsidiaries for the coming months remains positive despite the economic downturn. All three segments are expected to contribute to growth.

IT Outsourcing, which offers a selective outsourcing portfolio geared towards customers' specific needs, anticipates further expansion. New services will ensure and increase in business volume with existing customers. Outsourcing remains an attractive option for companies, as underlined by leading global sourcing advisors TPI. TPI forecasts that the conclusion of contracts will be more difficult and drawn out over the coming quarters, but assumes moderate growth in the outsourcing industry.

HR Services & Solutions will reap the benefits of the Business Process Outsourcing (BPO) trend, as more companies choose to outsource HR tasks, such as managing and billing travel expenses, recruitment, etc.

IT Consulting is also expected to develop positively, in particular through synergy with the parent company Fujitsu Services.

Opportunities

Economic environment and services

In response to the economic downturn, many companies are implementing initiatives to reduce costs and increase efficiency. In this context, they are scrutinising their operations and looking at the benefits of outsourcing processes. TDS is able to make the most of this interest through its wide range of services in IT outsourcing (ITO) and Business Process Outsourcing (BPO).

Partnerships

TDS has partnerships with key players in the IT industry in all segments, including sales, technology and software. On the one hand, this means that TDS is able to offer a broad service portfolio. On the other hand, the extensive network of partners provides opportunities to win new customers.

Fujitsu Services

With a multinational player such as Fujitsu Services, TDS has the chance to secure cross-border projects, and to bid for projects from larger companies. Combining the offerings of TDS and Fujitsu Services will open up many new market opportunities.

Organisation

TDS maintains offices in Germany, Austria and Switzerland. Its geographical proximity to these markets makes it easier for TDS to win new customers, in particular local midsized companies.

Human resources

TDS has succeeded in gaining the commitment of expert, socially skilled managers in the past and continues to offers its employees training and development programmes.

As a result, TDS is able to leverage the knowledge and expertise of its staff for the benefit of customers.

General economic outlook

Forecast for economic development

In a joint report of spring 2009, the Ifo institute for economic research and other organisations forecast that the decline in the world economy will level off in the winter months of 2009/2010. Ifo anticipates the subsequent economic revival to fairly weak at first.

According to Ifo, Germany is affected more by the global recession due to its dependence on exports. The country's GDP is expected to fall by 6.0 per cent in 2009, and international trade by 15 per cent.

The TDS Executive Board assumes that TDS will continue to develop positively and that the IT market will remain stable, in contrast to overall economic development.

Industry-specific outlook

According to an EITO forecast published in December 2008, the European IT market will grow by 2 per cent to €315 billion in 2009. Software vendors and IT service providers can expect revenues to rise by 3.2 per cent to €228 billion. However, hardware providers anticipate a decrease of 1.3 per cent, to €87 billion.

In December 2008, industry association BITKOM forecast that IT market volume will expand by 1.5 per cent to €67.3 billion in 2009, of which €18.8 billion can be attributed to hardware, €33.7 billion to IT services and €14.7 billion to software.

Earnings and financial situation

Overall, the Executive Board assumes that TDS will continue to develop positively. They expect revenues of around €130 million and EBIT margin of 8 to 9 per cent for fiscal 2009/2010, and revenues of just over €130 million and EBIT margin of 8 to 9 per cent for fiscal 2010/2011, with positive development across all segments.

In order to meet expectations of future growth, TDS plans to increase headcount in fiscal 2009/2010.

Expected capital expenditure

The volume of capital expenditure is expected to total around €12.5 million over the next two years, mainly for the construction of a new data centre in Neuenstadt.

Consolidated income statement for the fiscal year from 1 April 2008 to 31 March 2009

	Notes	1 April 2008 to 31 March 2009	1 January 2008 to 31 March 2008
		€ thousands	€ thousands
Revenues	7	131,930	29,008
Cost of sales	8	-99,570	-22,163
Gross profit		**32,360**	**6,845**
Selling and marketing costs		-10,681	-2,241
General and administrative expenses		-12,086	-2,924
Other operating income and expenses	10	2,439	148
Earnings before financial income (interest), taxes and minority interest (EBIT)		**12,032**	**1,828**
Earnings from associated companies		-427	373
Earnings from other holdings		4	0
Financial income/expense	12	-1,807	-517
Earnings before taxes and minority interest (EBT)		**9,802**	1,684
Proceeds (last year: expenses) from income taxes	13	2,398	-645
Consolidated net income		**12,200**	**1,039**
Earnings per share (basic)	14	0.42	0.04
Earnings per share (diluted)	14	0.42	0.04

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated balance sheet at 31 March 2009

Assets	Notes	31 March 2009 €thousands	31 March 2008 € thousands
Non-current assets			
Intangible assets	15	44,835	45,538
Property, plant and equipment	17	16,235	14,677
Investment property	18	817	844
Investments in associated companies	20	0	626
Other financial assets	21	86	60
Other assets	22	668	537
Deferred tax assets	23	5,892	2,235
		68,533	**64,517**
Current assets			
Inventories	24	50	110
Trade receivables	25	26,376	20,995
Current tax assets		112	210
Other assets	26	6,938	6,096
Cash and cash equivalents	27	662	192
		34,138	**27,603**
Total assets		**102,671**	**92,120**

The accompanying notes are an integral part of the consolidated financial statements.

Shareholders’ equity and liabilities	Notes	31 March 2009 € thousands	31 March 2008 € thousands
Shareholders’ equity			
Share capital	28	29,369	29,296
Additional paid-in capital	28	35,823	35,681
Other comprehensive income	28	52	153
Retained earnings and accumulated loss	28	-15,963	-28,163
Treasury shares	28	-135	-135
		49,146	**36,832**
Non-current liabilities			
Provisions for pensions	29	5,634	5,283
Additional provisions	30	14	0
Financial liabilities	31	3,948	25,269
Other liabilities	33	172	100
		9,768	**30,652**
Current liabilities			
Additional provisions	30	10,907	7,460
Customer downpayments	32	1,424	3,465
Trade payables	32	4,242	3,742
Financial liabilities	31	20,622	3,612
Other liabilities	33	6,562	6,357
		43,757	**24,636**
Total shareholders’ equity and liabilities		**102,671**	**92,120**

The accompanying notes are an integral part of the consolidated financial statements.

Statement of cash flows for the fiscal year 1 April 2008 to 31 March 2009

	1 April 2008 to 31 March 2009		1 January 2008 to 31 March 2008	
	€ thousands	€ thousands	€ thousands	€ thousands
Consolidated net income		12,200		1,039
Income and expenses from other fiscal years				
Write-ups/depreciation of property, plant and equipment	10,855		2,568	
Changes in				
Provisions for pensions	351		109	
Additional provisions	1,880		-737	
Profit/loss from investments in associated companies	427		-374	
Profit/loss from disposal of non-current assets	-11		-1	
Net change in deferred taxes	-3,657	**9,845**	445	**2,010**
Changes in operating assets and liabilities				
Inventories	60		12	
Receivables, other assets, and prepaid expenses	-7,706		-2,452	
Liabilities and deferred income	-1,521	**-9,167**	2,788	**348**
Cash flows from operating activities		**12,878**		**3,397**
Purchase of intangible assets, property, plant and equipment	-10,277		-2,455	
Proceeds from disposal of non-current assets	1,976		1	
Acquisition of consolidated subsidiaries, net cash and cash equivalents acquired	1,032		0	
Proceeds from lendings repaid	0		180	
Cash flows from investing activities		**-7,269**		**-2,274**
Repayments of amounts due to banks	-1		-6	
Repayments of obligations under finance leases	-3,957		-989	
Proceeds from share issues	215		0	
Proceeds from financial receivables due from the majority shareholder	1,800		0	
Repayments of loans granted by the majority shareholder	-3,200		-2,000	
Cash flows from financing activities		**-5,143**		**-2,995**
Currency translation effects		4		1
Change in cash and cash equivalents		470		-1,871
Cash and cash equivalents at the beginning of the period		192		2,063
Cash and cash equivalents at the end of the period		**662**		**192**

Additional information	1 April 2008 to 31 March 2009	1 January 2008 to 31 March 2008
Interest payments	-1,664	-469
Proceeds from interest	189	27
Tax payments	-904	-37
Proceeds from taxes	52	52
Dividend payments (incoming)	4	0

The accompanying notes are an integral part of the consolidated financial statements.

Reconciliation of shareholders' equity

	Share capital		Additional paid-in capital	Other compre-hensive income	Retained earnings and accumu-lated loss	Treasury shares		Share-holders' equity
	Shares	€ thousands	€ thousands	€ thousands	€ thousands	Number of shares	€ thousands	€ thousands
1 January 2008	29,296,116	29,296	35,681	114	-29,202	56,214	-135	35,754
Consolidated net income					1,039			1,039
Currency translation				39				39
Comprehensive profit/loss				*39*	*1,039*			*1,078*
Exercise of share options								
Cost of share-option plans								
31 March 2008	29,296,116	29,296	35,681	153	-28,163	56,214	-135	36,832
Consolidated net income					12,200			12,200
Currency translation				-101				-101
Comprehensive profit/loss				*-101*	*12,200*			*12,099*
Exercise of share options	72,500	73	142					215
Cost of share-option plans								0
31 March 2009	**29,368,616**	**29,369**	**35,823**	**52**	**-15,963**	**56,214**	**-135**	**49,146**

Breakdown of total comprehensive income for the fiscal year from 1 April 2008 to 31 March 2009

	1 April 2008 to 31 March 2009 € thousands	**1 January 2008 to 31 March 2008** € thousands
Consolidated net income	12,200	1,039
Currency-translation differences		
Unrealised change	-101	39
Reclassified and reported in income statement	0	0
Change in actuarial gains/losses from performance-related pension contributions and similar obligations	0	0
Deferred taxes	0	0
Total comprehensive income	**12,099**	**1,078**

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF TDS INFORMATIONSTECHNOLOGIE AG

1 Summary of significant accounting policies and practices

Description of business operations
TDS Informationstechnologie Aktiengesellschaft, Konrad-Zuse-Strasse 16, 74172 Neckarsulm, Germany (hereinafter "the Company" or "TDS") and its subsidiaries (hereinafter "the TDS Group" or "the Group") offer IT outsourcing, IT consulting, and HR services and solutions, with a focus on the German, Austrian and Swiss markets. The IT Outsourcing business unit provides application hosting at its state-of-the-art data centres, and assumes responsibility for entire customer IT infrastructures. The HR Services & Solutions segment provides end-to-end payroll-accounting solutions and many other employee-management services. IT Consulting offers one-stop advice and assistance for SAP and Enterprise Content Management (ECM).

Principles of reporting
Pursuant to Section 315a of the German Commercial Code (HGB), the consolidated financial statements of TDS AG at 31 March 2009 are compiled in accordance with International Financial Reporting Standards (IFRS, formerly International Accounting Standards — IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC, formerly the Standing Interpretations Committee — SIC), as applicable in the European Union. Due to the adjustment of the fiscal year of TDS AG in line with the fiscal year of the majority shareholder, Fujitsu Services Overseas Holding Limited, London, UK (Fujitsu Services), this report is based on the period 1 April 2008 to 31 March 2009. Figures provided for comparison are for the short fiscal year from 1 January to 31 March 2008. As a result, figures in the income statement, the statement of changes in shareholders' equity and information in the corresponding notes are not completely comparable. The consolidated financial statements of TDS at 31 March 2009 will be disclosed in the electronic Federal Gazette, and also available at www.unternehmensregister.de.

Application of the provisions of Section 264, Subsection 3 of the German Commercial Code (HGB)
TDS HR Services & Solutions, GmbH, Neckarsulm, Germany, a subsidiary of TDS Informationstechnologie AG as defined by Section 290 of HGB, for which the reporting requirements are satisfied by the consolidated financial statements of its parent company, and TDS IT Consulting GmbH, Neckarsulm, Germany, make use of the exemption afforded by Section 264, Subsection 3 of HGB from the requirement for stock corporations to produce annual financial statements, and to subject these statements to audit.

Changes in accounting and valuation principles
The accounting and valuation methods used in fiscal 2008/2009 correspond to those used in the short fiscal year 1 January 2008 to 31 March 2008. No new standards or interpretations came into force during the period 1 April 2008 to 31 March 2009.

2 Principles of accounting, valuation and consolidation

The following principles of accounting, valuation and consolidation have been applied consistently for all periods. The same principles were also applied consistently by all companies included in the consolidated financial statements.

The consolidated financial statements are presented in euros (€). All amounts herein are given in thousands of euros.

Principles of consolidation
The consolidated financial statements include all significant subsidiaries. On 1 January 2009, ROSEA Trendpark Objektverwaltungsgesellschaft mbH & Co. KG, Neckarsulm (ROSEA KG) was fully consolidated for the first time (see note 4 "Changes to corporate structure and consolidation"). Because the fiscal year of this subsidiary corresponds to the calendar year, an interim report was produced at 31 March 2009. All other consolidated subsidiaries produced an annual report for the period 1 April 2008 to 31 March 2009. All additional subsidiaries and holdings are included at cost due to their less significant role with regard to the Group's assets, finances and income (see note 21 "Other financial assets" and the table of subsidiaries and holdings).

If the fair value of an investment in a company included at cost in the financial statements falls below the book value, the book value is written down accordingly. The write-down is recognised on the income statement, and forms the new basis for calculating the cost of acquisition. Pursuant to IFRS 3 *Business Combinations,* capital is consolidated using the purchase method. According to this method, the cost of acquired shares is offset against the parent company's holding in shareholders' equity at the time of purchase. The difference in the cost of acquisition and equity holding is allocated to the subsidiary's assets, liabilities and contingent liabilities at their fair values, regardless of the stake held by the parent company. Any difference between acquisition price and fair value of equity is recognised as goodwill.

All significant receivables and liabilities, revenues, expenses and income between companies included in the consolidated financial statements are netted and intercompany profits eliminated, unless they are realised by third parties. In accordance with IAS 12 *Income Taxes*, deferred tax is formed for the elimination of intercompany transactions.

Foreign-currency translation

The balance sheets of foreign subsidiaries where the functional currency is not the euro are translated using the functional currency method (IAS 21 *The Effects of Changes in Foreign Exchange Rates*). For all foreign subsidiaries, this is the local currency, as it is the currency of the primary economic environment in which they operate. As a general rule, income and expenses are translated into euros using average exchange rates, assets and liabilities are translated using official exchange rates at the balance-sheet date, and shareholders' equity using the respective historical exchange rate. Differences arising from the translation of shareholders' equity are netted and included as a separate component of shareholders' equity, and not recognised in profit or loss. On the date of consolidation, the accumulated exchange difference is eliminated and reported in the income statement.

For the income statement, profit/loss is translated using average exchange rates during the year.

In the separate financial statements of consolidated companies, receivables, cash and cash equivalents and liabilities in foreign currencies are translated using exchange rates applicable at the balance-sheet date. All gains and losses arising from currency exchange effected before the balance-sheet date are recognised in profit or loss. This also applies to gains from exchange differences that are not realised by the balance-sheet date.

Exchange differences arising in connection with the consolidation of debt are recognised in profit or loss and reported under other operating income and expenses in the income statement.

In the schedule of consolidated assets, the value is translated at the beginning and the end of each fiscal year using the rate applicable at the respective dates. All other items are translated at average exchange rates. For the cost of acquisition and manufacture, and for accumulated depreciation, differences are listed in a separate column as currency translation effects.

The exchange rates of major currencies applied for foreign-currency translation developed as follows (in relation to the euro):

	31 March 2009 Balance-sheet rate	31 March 2009 Average rate for income statement	31 March 2008 Balance-sheet rate	31 March 2008 Average rate for income statement
US dollars	1.33280	1.42176	1.58100	1.49995
Swiss francs	1.51790	1.56117	1.57150	1.59986
Pounds sterling	0.92990	0.83449	0.79500	0.75784

Revenue recognition

Revenues are recognised upon delivery of services, or upon the transfer of risk to the customer. At this point in time, the amount of revenues can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Company. Sales deductions and cash discounts are taken into account. Provisions for discounts and rebates granted to customers, including returns and other adjustments, are generally recognised during the same period in which revenues are posted.

Revenues for consulting are recognised once a service has been delivered — generally on the basis of man-hours at the applicable rates, and refundable expenses. Revenues for fixed-price consulting services are recognised according to the percentage-of-completion method: The ratio of costs already incurred to estimated total costs is used to calculate the percentage of completion. Corresponding profits from consulting are recognised on the basis of the calculated percentage of completion. Where the estimated costs exceed revenues, provisions are formed for expected losses on the basis of the cost of manufacture.

Revenues from licensing are recognised once the software and the installation key are in the customer's possession, and if payment is probable (more likely than not).

Costs of research and development

Research costs are recognised in the income statement when they occur. Development costs are capitalised, provided that they satisfy the requirements of IAS 38.

Financial income and expense

Financial income includes interest income and dividend income. Interest income is included when the interest occurs by means of the effective interest method (i.e. the interest rate that exactly discounts estimated future cash inflows through the expected life of the financial instrument or, when appropriate, a shorter period to the net book value of the financial asset or liability). Dividend income is included at the date of entitlement.

Financial expense includes interest expense from borrowing, interest expense for discounted provisions and — until 31 December 2008 — profit/loss from associated companies. All borrowing costs are reported in the income statement by applying the effective interest method.

Income taxes

Income taxes owed or paid in the respective countries, including deferred taxes, are reported in the financial statements. They are calculated on the basis of expected local tax rates applicable at the time of deferred-tax realisation; these rates are generally based on tax laws applicable or known at the balance-sheet date.

Earnings per share

Earnings per share are determined pursuant to IAS 33 *Earnings per Share*. Basic earnings per share are calculated by dividing consolidated net income (adjusted where necessary) by the weighted average number of shares outstanding. Undiluted earnings per share are calculated by dividing consolidated net income by the sum of the weighted average number of shares outstanding and the weighted average number of share options.

Intangible assets

Pursuant to IAS 38 *Intangible Assets*, intangible assets with finite useful lives are posted at the cost of acquisition or cost of manufacture and are subject to scheduled amortisation. Accordingly, the Company amortises capitalised development costs and other intangible assets with finite useful lives on a straight-line basis over their useful lives to the estimated residual book value. Intangible assets with finite useful lives are largely software licenses (between three and six years), in-house developed software (up to five years), customer bases gained through acquisitions (between five and seven or five and twenty years), and order backlog gained through acquisitions (seven years).

Under IAS 38, intangible assets with indefinite useful lives need not be regularly amortised, but are subject to annual impairment testing and must be written down to their lower recoverable amount, where necessary. With the exception of goodwill, TDS held no intangible assets with indefinite useful lives at the balance-sheet date, or in the short fiscal year from 1 January to 31 March 2008.

Goodwill

In accordance with IFRS 3 *Business Combinations*, goodwill arising from business combinations is not amortised, but is subject to annual impairment testing pursuant to IAS 36 *Impairment of Assets*. Goodwill is tested for impairment at the level of the cash-generating units to which it is attributed, by comparing the book value of the unit with its recoverable amount. If the book value exceeds the recoverable amount, an impairment loss must be recognised. The recoverable amount is equivalent to the higher of the fair value less cost to sell, or the value in use. A cash-generating unit's value in use is defined as the present value of estimated future cash flows derived by the Company. Later write-up of an amount that was previously subject to an unscheduled write-down is not permissible.

Capitalised software development costs

Pursuant to IAS 38 *Intangible Assets*, costs for software developed in-house are capitalised and amortised. Development costs for new software products and significant updates to existing software are posted as expenses at the time the costs are incurred, until the technological feasibility of the software has been proven. Once this feasibility has been proven, and assuming that all other capitalisation criteria pursuant to IAS 38 are met, further development costs are capitalised until the product is ready for general release. Cost of manufacture includes costs that are attributable directly or indirectly to development. In each period, capitalised software development costs for completed software are amortised according to the straight-line method over their estimated useful life of five years. On the balance-sheet date, capitalised costs for software under development are tested for impairment pursuant to *IAS 36 Impairment of Assets*, and written down where appropriate.

Property, plant and equipment

Property, plant and equipment are stated at the cost of acquisition or manufacture less accumulated straight-line depreciation. Depreciation is calculated according to the straight-line method. Property, plant and equipment held under finance leases and leasehold improvements are amortised according to the straight-line method over the shorter of the lease term or estimated useful life of the asset. The following useful lives are assumed:

- Leasehold buildings	20 years
- Technical plant and equipment	3 to 14 years
- Computer peripherals and accessories	3 to 5 years
- Other office equipment	3 to 14 years

Government grants related to assets
Government grants related to assets were recognised as deferred income or were deducted from the asset's book value.

Investment property
Investment property held by TDS mainly comprises leased buildings. In accordance with the option provided in IAS 40 *Investment Properties*, these are valued at depreciated cost of acquisition/manufacture. The buildings are depreciated using the straight-line method over 50 years, land is valued at the cost of acquisition and is not depreciated.

Unscheduled write-downs of intangible assets with finite useful lives and property, plant and equipment
At year-end, non-current assets are tested for impairment. If there is evidence of impairment, the asset's recoverable amount is determined and compared with the book value. If the recoverable amount is less than the book value, the asset is written down to the lower recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell, and its value in use. The latter is the discounted present value of future cash flows that can be derived from the asset. If reasons for write-downs carried out in the past no longer apply, the value of the asset is written-up.

Leasing
Within the scope of finance leases, ownership is allocated to the lessee where all significant risks and rewards incidental to the ownership are borne by the lessee (IAS 17 *Leases*). If the ownership is allocable to TDS, the lower of the fair value and the present value of the minimum lease payments is capitalised at commencement of the term of the lease agreement (i.e. the point in time at which the lessee is entitled to exercise his rights of use over the leased asset). The lease is depreciated over the shorter of the lease term or the useful life of the asset. Discounted payment obligations from leases are recognised as liabilities, and reported as obligations under finance leases.

For any existing operating lease agreements within the TDS Group, lease payments or rental payments are recognised as expense in the income statement.

Financial assets (investments in other companies and lendings)
Investments in other companies are recognised at the cost of acquisition or the lower fair value. The first time they are recorded, lendings are posted as financial assets at their fair value; they are subsequently carried at their amortised cost of acquisition. Interest-free and low-interest lendings are recorded at their present value.

At each balance-sheet date, TDS decides whether there is a need for impairment testing of financial assets. If such a need exists, the fair value of the financial asset is determined and compared to its book value. If the fair value is lower than the book value, the fair value is subject to an unscheduled write-down. Fair value is preferably based on stock exchange or market prices or other methods of valuation, taking into account all available information on the company in which the investment is held.

Investments in associated companies
Investments in associated companies are valuated using the equity method. This means investments are recognised initially at their cost of acquisition, and recorded thereafter in accordance with their share of income, and changes to shareholder's equity in the corresponding associated company.

Inventories
Inventories are recognised at the lower of cost of acquisition or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

Impairment losses are reversed should the reasons for the write-down no longer exist.

Financial instruments

Non-derivative financial instruments
At TDS, non-derivative financial instruments include trade receivables, certain other receivables, cash and cash equivalents, securities, financial liabilities, trade payables and certain other liabilities.

The Group considers liquid investments with original maturities of three months or less to be cash equivalents. These are posted at amortised cost of acquisition.

The first time they are recorded, non-derivative financial instruments are posted at their fair value. Current liabilities are broken down by repayment or settlement amounts. Non-current liabilities are capitalised at amortised cost of acquisition.

Financial assets are valuated as follows. The Group classifies its financial assets the first time they are recorded, and reviews this classification at the end of each fiscal year.

Financial assets classified for trading purposes are included under “financial assets recognised in profit or loss at their fair value”. Profit/loss from these financial assets are included in the income statement.

Non-derivative financial assets with fixed or at least determinable payments and fixed maturity are classified as held-to-maturity investments if the Group has the positive intention and ability to hold these assets to maturity. Held-to-maturity investments are carried at amortised cost of acquisition. This is the cost of acquisition less repayments, plus or less accumulated amortisation of a difference between the original amount and the amount repayable at maturity, calculated by means of the effective interest method. Profit/loss resulting from this is recognised in profit for the year.

Loans to other companies and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost of acquisition using the effective interest method. Profit/loss resulting from this is recognised in profit for the year.

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale and are not classified as one of the three categories above. The first time they are recorded, available-for-sale financial assets are posted at their fair value, although profit/loss is recognised in equity. When the financial asset is derecognised, or an impairment loss is defined, the cumulative profit or loss previously recognised in equity is recognised in profit or loss.

The fair value of financial assets traded on active markets is calculated on the basis of the bid price at the balance-sheet date. For financial assets without an active market, the fair value is estimated using other methods of valuation.

A financial asset is derecognised if one three of the following requirements are met:

- The contractual rights to the cash flows from the financial asset expire.
- The Group retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions in IAS 39 paragraph 19.
- The Group transfers its contractual rights to receive cash flows of the financial asset and (a) retains substantially all the risks and rewards associated with ownership of the financial asset or (b) neither transfers nor retains substantially all the risks and rewards associated with ownership of the financial asset, but transfers control of the financial asset.

Treasury shares

Treasury shares are posted at their cost of acquisition under equity.

Provisions

Provisions for pensions are accounted for in accordance with IAS 19 *Employee Benefits*. Pensions and similar obligations include the Group’s obligations under defined benefit plans (benefit plans based on employees’ salary and period of service). Pension obligations are calculated using the projected unit credit method. In addition to current pensions and vested benefits known at the balance-sheet date, this method also accounts for expected future increases in salary and pension benefits. Calculation is based on annual actuarial reports that make use of assumptions of demographic developments. Actuarial gains and losses are only recognised when they fall outside of the ten per cent corridor for the value of the obligation. They are subsequently recognised in the income statement over the average remaining service period. In financial income, current service cost is included under payroll and related costs, while the interest on provisions and the return on plan assets are included under financial income/expense. Pension obligations are primarily considered to be non-current liabilities.

Provisions for tax and other provisions are formed if the present obligation to a third party results from a past event, is likely to lead to a future outflow of resources, and if this future outflow can be reliably estimated. This estimate must then be regularly reviewed and adjusted. If one of the above criteria is not fulfilled and a provision cannot be formed, the corresponding obligations are included under contingent liabilities. Non-current provisions with a term of more than one year are discounted at the balance-sheet date on the basis of the corresponding interest rates, providing that the interest effect is significant.

Share-based payment

Under the Company’s 2002 share-option plan, share options were granted in 2002 (2002 tranche) and 2004 (2004 tranche). The exercise period for the 2002 tranche ended in September 2006, and for the 2004 tranche in November 2008.

The Company applied IFRS 2 *Share-based Payment* to the 2004 tranche, whereby expense from share options is recognised across the service period until the exercise date. Additional paid-in capital increases in line with the expense posted.

Expense from share-option plans is determined by the market value of the share-options at the date of grant. Market value is calculated using the Black-Scholes pricing model.

Deferred taxes

In accordance with IAS 12 *Income Taxes*, deferred taxes are formed for all temporary differences between the book values in the consolidated balance sheet and the tax-relevant values (tax base) of assets and liabilities (liability method), as well as for tax loss carryforwards. Deferred tax assets and deferred tax liabilities are established for future tax effects resulting from the differences balance-sheet values of assets and liabilities, their tax base, and usable tax loss carryforwards. All deferred taxes are calculated using the respective tax rates applicable to taxable income in the year that these temporary differences are expected to reverse. The effects of tax rate changes on deferred taxes are recorded in profit or loss in the year the amended tax law is passed. If necessary, the Company can form valuation allowances for deferred tax assets to align them with the realisable amounts.

Deferred tax assets are only formed for accounting and valuation differences, and for tax loss carryforwards, if there is sufficient reason to believe that these differences will be, in all probability, realised in the future. Deferred tax assets and deferred tax liabilities are not discounted.

Deferred tax assets and deferred tax liabilities are only offset if the Group has a legally enforceable right to offset current tax assets against current tax liabilities, or if these deferred tax assets and deferred tax liabilities relate to income taxes on the same taxable entity and levied by the same tax authority.

Statement of cash flows

Cash flows are broken down according to cash inflows and outflows from operating, investing and financing activities, in line with IAS 7 *Cash Flow Statements*. Cash flows are calculated using the indirect method.

Cash and cash equivalents in the statement of cash flows include all bank deposits, checks, etc. in the balance sheet that have a maturity period of three months or less. Cash and cash equivalents are not subject to restrictions on their access by the Company.

Cash flows from operating activities are derived indirectly from consolidated net income.

Under the indirect method, changes accounted for in the balance sheet and related to current operating activities are adjusted to account for currency translation effects and any changes in the scope of consolidation.

Assumptions, estimates, and the exercise of discretion

To a certain extent, the consolidated financial statements necessitate assumptions, estimates and the exercise of discretion that may influence assets and liabilities in the balance sheet, the disclosure of contingent liabilities at the balance-sheet date, or of income and expenses during the reporting period. Actual amounts can differ from these estimates. Assumptions made on the basis of estimates are subject to ongoing review. Adjustments to estimates are reported in the period in which the estimate was revised, and also in following periods, if the revision impacts current and subsequent periods.

In particular, there are risks associated with assumptions, estimates and the exercise of discretion for the following items:

- Note 13 “Income tax”: Future applicability of tax loss carryforwards
- Note 16 “Goodwill”: Calculation of the recoverable amount of a cash-generating unit that is assigned to goodwill
- Note 18 “Investment property”: Estimate of future lease income
- Note 19 “Leased assets”: Classification of lease agreements
- Note 25 “Trade receivables”: Valuation of receivables from ongoing projects not yet invoiced.
- Note 29 “Provisions for pensions”: Valuation of the present value of pension obligations
- Note 30 “Other provisions”: Estimate of future losses arising from non-profitable contracts
- Note 36 “Share-based payment”: Calculation of share-based payment

New accounting standards

The following standards and interpretations were published but were not taken into consideration when compiling TDS consolidated financial statements at 31 March 2009:

The amendments to IFRS 7 *Financial Instruments: Disclosures* relate to disclosures about fair value and liquidity risk. In accordance with the changes, financial instruments are to be classified in table format and the scope of disclosure obligations has been extended. In addition, disclosures about liquidity risk are to be clarified and enhanced. The revised version of IFRS 7 is to be applied in all fiscal years starting on or after 1 January 2009. IFRS 7 is not expected to have a significant impact on the future consolidated financial statements of TDS.

A revised version of IAS 1 *Presentation of Financial Statements* was issued by the IASB on 6 September 2007. The aim of the revised version is to facilitate the analysis and comparison of financial statements. It requires the disclosure of additional information on equity, e.g. regarding the calculation and taxation of capital. The revised version of IAS 1 is to be applied in all fiscal years starting on or after 1 January 2009 and is not expected to have a significant impact on the future consolidated statements of TDS.

In accordance with the amendments to IAS 1 *Presentation of Financial Statements* and IAS 32 *Puttable Financial Instruments and Obligations Arising on Liquidation*, puttable financial instruments or financial instruments that deliver a pro rata share of the net assets of an entity on liquidation are, under certain circumstances, to be classified as equity. The amendments to IAS 1 and IAS 32 are not expected to have a significant impact on the consolidated financial statements.

In January 2008, the IASB published an amendment to IFRS 2 *Share-based Payment*. The amendment clarifies that vesting conditions are service conditions and performance conditions only and that all cancellations, whether by the entity or other parties, should receive the same accounting treatment. The amendment is to be applied in all fiscal years starting on or after 1 January 2009; earlier application is permitted. The amendment is not expected to have a significant impact on the consolidated financial statements of TDS.

The revised versions of IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements* allows an accounting entity the choice of measuring minority interests at either fair value or at the proportionate share of net assets. Furthermore, changes in holdings without loss of control are to be accounted for as an equity transaction, without recognition in profit or loss, while changes in holdings that result in loss of control are to be recognised in profit or loss. Additional costs of acquisition, such as consulting or legal fees, are to be included under expenses in the future. The amendments are to be applied to interests purchased in reporting periods starting on or after 1 July 2009. TDS will take the amendments into consideration as soon as they come into force and/or are recognised by the European Union.

IFRS 8 *Operating Segments* adopts the management approach to segment reporting. It requires the publication of segment information that is usually used internally to evaluate segment performance. IFRS 8 is to be applied in all fiscal years starting on or after 1 January 2009. Earlier application is encouraged. IFRS 8 is not expected to have a significant impact on the future consolidated financial statements because the Company's segment reporting is already based on the management approach.

Due to the revision of IAS 23 *Borrowing Costs*, it is no longer permissible to post borrowing costs that can be capitalised as expenses in the period in which they occur. Borrowing costs that can be directly attributed to the purchase or production of an asset must be capitalised as part of the cost of acquisition or cost of manufacture of the asset. IAS 23 is to be applied in all fiscal years starting on or after 1 January 2009. Earlier application is encouraged. In some cases, IAS 23 will lead to the inclusion of directly attributable borrowings costs in the capitalised costs for in-house developed software.

In accordance with IFRIC 13 *Customer Loyalty Programs*, credits or points awarded within the scope of customer loyalty programs must be recognised as future sales transactions, separate from current sales transactions. Such programs represent a contract with multiple components pursuant to IAS 18 paragraph 13. IFRIC 13 is to be applied in all fiscal years starting on or after 1 July 2008. Earlier application is encouraged. The changes are not expected to have a significant impact on the future consolidated financial statements of TDS.

IFRIC 15 *Agreements for the Construction of Real Estate* relates to accounting at companies that recognise revenue for sales of units, such as apartments or houses, before construction is complete. IFRIC 15 provides guidance for determining whether an agreement for the construction of real estate is within the scope of IAS11 *Construction Contracts* or IAS18 *Revenue*. IFRIC 15 is to be applied in all fiscal years starting on or after 1 January 2009. Earlier application is encouraged. IFRIC 15 is not expected to have an impact on the future consolidated financial statements of TDS.

IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* relates to the hedge accounting of net investments in foreign operations. The interpretation clarifies that hedge accounting is only possible for a hedge of the foreign exchange differences between the functional currency of a foreign operation and the parent company's functional currency. The amount of net assets of a foreign operation given in the consolidated financial statements may be hedged. The hedging instrument(s) may be held by any entity within the group (with the exception of the entity whose currency risks are being hedged). Upon exit of the foreign operation from the group, any changes in value of the hedging instrument accounted for under equity and not recognised in profit or loss, and the foreign operation's gains or losses from currency exchange accounted for under currency reserves, are to be reclassified as part of operating results. The amount of the entity's accumulated gains or losses from currency exchange may be calculated in line with the step-by-step method of consolidation or the direct consolidation method. IFRIC 16 is to be applied in all fiscal years starting on or after October 1, 2008. Earlier application is encouraged. The amendments are not expected to have a significant impact on the consolidated financial statements of TDS.

IFRIC 17 *Distributions of Non-cash Assets to Owners* clarifies that, with regard to dividend payments, an entity should recognise the difference between the book value and fair value of the asset in profit or loss, with the exception of common control transactions. The interpretation is to be applied to all fiscal years starting on or after 1 July 2009. It is not expected to have a significant impact on the consolidated financial statements of TDS.

IFRIC 18 *Transfers of Assets from Customers* clarifies the requirements for agreements in which an entity receives from a customer assets that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The interpretation was published by IASB on 29 January 2009 and is to be applied to all agreements signed on or after 1 July 2009. It is not expected to have a significant impact on the consolidated financial statements of TDS.

3 Principles of consolidation

Group-wide tax rate for deferred taxes
The tax rate applied to deferred taxes for elimination totalled 29.035 per cent (29.035 per cent in the short fiscal year 2008).

Capital consolidation
The capital consolidation of investments led to differences between book value and share of equity in the amount of €17,927 thousand (€17,403 thousand in the short fiscal year 2008).

Consolidation of debt
During fiscal 2008/2009, lendings to related parties of €13,170 thousand (€12,995 thousand in the short fiscal year 2008) and internal Group receivables totalling €42,191 thousand (€23,107 thousand in the short fiscal year 2008) were netted against

external liabilities in the amount of €55,684 thousand (€36,480 thousand in the short fiscal year 2008); of this amount, €55 thousand (€31 thousand in the short fiscal year 2008) were eliminated and recognised in net income for the period.

Elimination of intercompany profits
Elimination of intercompany profits relates to transfers of intangible assets, property, plant and equipment, financial assets, leased items and inventories between consolidated companies. There were no intercompany profits requiring elimination during fiscal 2008/2009, as in the short fiscal year 2008.

Elimination of income and expense
During fiscal 2008/2009, intercompany revenues of €11,471 thousand (€2,090 thousand in the short fiscal year 2008) were netted against intercompany expenses, and intercompany interest income of €2,682 thousand (€474 thousand in the short fiscal year 2008) was netted against intercompany interest expense. In addition, expenses and income from the transfer of losses totalling €4,627 thousand (€356 thousand in the short fiscal year 2008) were eliminated.

Deferred taxes
The calculation of deferred taxes for temporary differences led to a net increase in deferred tax assets — excluding tax loss carryforwards — of €561 thousand (a decrease of €68 thousand in the short fiscal year 2008).

4 Changes to corporate structure and to consolidation

Effective 1 January 2009, TDS purchased the remaining 50 per cent of shares in ROSEA Trendpark Objektverwaltungsgesellschaft mbH & Co. KG, Neckarsulm (ROSEA KG). TDS now holds 100 per cent shares in ROSEA KG. ROSEA KG provides facility management services for office buildings leased by TDS in Neckarsulm. Until now, ROSEA KG was included at equity as an associated company in the consolidated financial statements. As a result of the 100 per cent holding, the initial consolidation of ROSEA KG took place on 1 January 2009.

The fair value of ROSEA KG's identifiable assets and liabilities on the date of acquisition, and the corresponding book values directly before the acquisition, break down as follows:

	Fair value on date of acquisition	**Book value**
	€ thousands	€ thousands
Intangible assets	510	0
Property, plant and equipment	12	12
Trade receivables	427	427
Other assets	30	30
Cash and cash equivalents	1,723	1,723
	2,702	**2,192**
Additional provisions	1,581	1,581
Trade payables	175	175
Other liabilities	39	39
	1,795	**1,795**
Net assets	**907**	**397**
Book value of holding on date time of acquisition according to the at-equity method	-199	
Total cost of acquisition	**708**	

The total cost of acquisition of €708 thousand includes the purchase price of €695 thousand, and costs attributable directly to the acquisition in the amount of €13 thousand.

Cash flows resulting from the acquisition break down as follows:

	€ thousands
Total cash and cash equivalents acquired (ROSEA KG)	1,723
Total outflow of cash and cash equivalents	-665
Net flow of cash and cash equivalents	**1,058**

ROSEA KG contributed minus €211 thousand to consolidated net income in fiscal 2008/2009. If the acquisition had taken place at the start of the fiscal year, consolidated net income would have fallen by €427 thousand to €11,773 thousand, and consolidated revenues would have remained unchanged.

There were no changes to consolidation in the short fiscal year 2008.

5 Financial-risk management

Material financial instruments used by the Group to finance business operations comprise: Loans and current-account credit lines granted by the majority shareholder, bank loans, finance-lease arrangements and trade payables. In addition, the Group has various financial assets, such as trade receivables, and cash and cash equivalents, resulting directly from operating activities.

Through the use of financial instruments, the Group is exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk (related to interest rates and foreign currencies)

Credit risk

Credit risk exists for financial assets. It is the risk of financial loss insofar as a contractual party fails to fulfil its payment obligations.

To assess and manage credit risk, levels of receivables are subject to ongoing monitoring. Furthermore, TDS verifies the credit worthiness of all new customers.

Maximum credit risk for financial assets is equivalent to the book value of the corresponding asset, and broke down as follows at the balance-sheet date:

	31 March 2009 € thousands	**31 March 2008** thousands
Trade receivables (Germany)	22,589	14,528
Trade receivables (other countries)	1,156	1,190
Cash and cash equivalents	662	192
Other receivables	3,906	1,835
	28,313	**17,745**

Trade receivables of €26,376 thousand in fiscal 2008/2009 (€20,995 thousand in the short fiscal year 1 January to 31 March 2008) include receivables for ongoing projects not yet invoiced in the amount of €2,631 thousand (€5,277 thousand in the short fiscal year 2008). Other receivables allocated to financial assets, in the amount of €3,906 thousand (€1,835 thousand in the short fiscal year 2008), are included under “Other assets”.

At the balance-sheet date, there was nothing to suggest that any financial assets that were not overdue and not impaired cannot be recovered.

Valuation allowances for financial assets:

	Lendings		Trade receivables		Cash and cash equivalents		Other receivables	
	31 March 2009 € thousands	31 March 2008 € thousands	31 March 2009 € thousands	31 March 2008 € thousands	31 March 2009 € thousands	31 March 2008 € thousands	31 March 2009 € thousands	31 March 2008 € thousands
Cost of acquisition	811	**811**	23,858	**16,196**	662	**192**	3,906	**1,835**
Valuation allowances	-811	**-811**	-113	**-478**	0	**0**	0	**0**
Book value	**0**	**0**	**23,745**	**15,718**	**662**	**192**	**3,906**	**1,835**

Valuation allowances are mainly based on the credit rating of the debtor for the corresponding receivable.

At 31 March 2009, financial liabilities that were overdue but not impaired broke down as follows:

Trade receivables

€ thousands			Overdue but not impaired				
	Total	Not overdue	Less than 30 days	31-60 days	61-90 days	91-120 days	More than 121 days
31 March 2009	23,745	13,108	5,687	1,977	1,338	481	1,154
31 March 2008	15,718	8,614	3,998	972	791	493	850

Other receivables

€ thousands			Overdue but not impaired				
	Total	Not overdue	Less than 30 days	31-60 days	61-90 days	91-120 days	More than 121 days
31 March 2009	3,906	2,562	610	364	224	1	145
31 March 2008	1,835	432	844	38	132	316	73

There were no cash and cash equivalents that were overdue but not impaired.

Liquidity risk

Liquidity risk is the risk that the Group may not be able to fulfil its financial obligations when they fall due for payment. TDS liquidity management aims to ensure that the Group always has sufficient liquidity at its disposal to meet its payment obligations, insofar as this is possible. Continuous cover is achieved through the flexible use of various financing methods with different maturities (see note 31 “Financial liabilities”).

At 31 March 2009, the Group’s financial liabilities had the following maturities. Figures are based on contractual, non-discounted payment amounts.

31 March 2009	Book value	Payments	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014 onwards
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Amounts due to the majority shareholder	12,300	12,729	12,729	0	0	0	0
Amounts due to banks	5,000	5,035	5,035	0	0	0	0
Finance leases	7,270	8,171	3,817	2,646	1,236	444	28
Trade payables	4,242	4,242	4,242	0	0	0	0
Other liabilities	1,049	1,056	1,019	2	2	2	31
Total	**29,861**	**31,233**	**26,842**	**2,648**	**1,238**	**446**	**59**

Figures for comparison

31 March 2008	Book value	Payments	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013 onwards
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Amounts due to the majority shareholder	15,500	18,207	984	984	16,239	0	0
Amounts due to banks	5,001	6,108	321	320	320	5,147	0
Finance leases	8,380	8,874	3,950	2,671	1,536	599	118
Trade payables	3,742	3,742	3,742	0	0	0	0
Other liabilities	214	214	214	0	0	0	0
Total	**32,837**	**37,145**	**9,211**	**3,975**	**18,095**	**5,746**	**118**

Interest-rate-related risk
TDS is financed via a short-term loan arrangement with Fujitsu Services Limited and via a corporate bond of €5,000 thousand, which will mature on 15 June 2009. As a result, risks associated with fluctuations in market interest rates arise primarily from the loan agreement with Fujitsu Services Limited.

The following tables show how sensitive consolidated earnings before taxes are to plausible changes in interest rates. All other variables remain the same.

31 March 2009	**Increase/ decrease in interest rate**	**Change in earnings before taxes**
	in base points	**€ thousands**
	+ 100	+ 119
	- 100	- 119

31 March 2008	**Increase/ decrease in interest rate**	**Change in earnings before taxes**
	in base points	**€ thousands**
	+ 100	+ 13
	- 100	- 13

Currency-related risk
Foreign-currency transactions are mainly carried out by the TDS AG subsidiaries in Switzerland and the UK. The resulting exchange-rate risks are of little significance for the Group's overall risk evaluation in the context of financial instruments.

6 Segment reporting

Figures in financial statements are broken down by business and geographical segments. The breakdown is based on internal reporting (management approach). Segment reporting provides visibility into profitability, future outlook, opportunities and risks for the Company's various types of business operations.

During the fiscal year from 1 April 2008 to 31 March 2009 and the period from 1 January to 31 March 2008, the TDS Group operated in three key segments:

- IT Outsourcing
- HR Services & Solutions
- IT Consulting

TDS evaluates performance and allocates resources based on earnings before interest, tax and minority interest (EBIT). Segment revenues are based on transfer prices, which correspond to prices for external customers. In some cases, special circumstances are taken into consideration. Internal Group management and reporting is essentially based on the principles and methods described in note 1.

Segment reporting according to business segments

31 March 2009	IT Outsourcing	HR Services & Solutions	IT Consulting	Total
	€ thousands	€ thousands	€ thousands	€ thousands
Revenues				
External revenues	61,752	50,909	19,269	131,930
Intersegment revenues	4,478	346	6,647	11,471
Total segment revenues	66,230	51,255	25,916	143,401
Profit/loss				
EBIT	9,610	2,417	5	12,032
Assets and liabilities				
Assets	32,194	51,939	12,449	96,582
Liabilities	36,550	13,063	3,979	53,592
Other segment information				
Capital expenditure*	10,995	1,815	745	13,555
Scheduled amortisation and depreciation	7,874	2,184	797	10,855

31 March 2008	IT Outsourcing	HR Services & Solutions	IT Consulting	Total
	€ thousands	€ thousands	€ thousands	€ thousands
Revenues				
External revenues	13,604	11,090	4,314	29,008
Intersegment revenues	1,094	51	945	2,090
Total segment revenues	14,698	11,141	5,259	31,098
Profit/loss				
EBIT	1,776	312	-260	1,828
Assets and liabilities				
Assets	27,101	46,882	15,006	89,989
Liabilities	9,225	11,627	5,555	26,407
Other segment information				
Capital expenditure*	2,471	204	704	3,379
Scheduled amortisation and depreciation	1,794	602	172	2,568

*) Capital expenditure without financial assets

In fiscal 2008/2009 and in the short fiscal year 1 January to 31 March 2008, there were no non-cash expenses of particular significance for individual segments.

Segment reporting according to geographical segments
The following figures for the reporting period are attributable to geographical areas.

31 March 2009	Germany	Rest of Europe	Total
	€ thousands	€ thousands	€ thousands
External revenues	124,279	7,651	131,930
Assets	94,001	2,581	96,582
Capital expenditure	13,110	445	13,555

31 March 2008	Germany	Rest of Europe	Total
	€ thousands	€ thousands	€ thousands
External revenues	27,204	1,804	29,008
Assets	86,777	2,212	88,989
Capital expenditure	2,796	583	3,379

External revenues indicate a segment's contribution to consolidated revenues. Intersegment sales and transfers are recognised at the cost of manufacture or, where sold to end customers, are recognised at the cost of manufacture plus profit markup. However, there were no significant intersegment transactions. Revenues for individual segments include revenues from third parties and from other segments within the Group.

EBIT is the main parameter used for judging and managing segments. As a result, interest income and expense is not included because the segments are financed mostly by TDS AG, and external interest income and expenses are posted primarily at TDS AG.

Segment assets comprise those deployed in usual segment operations. Financial assets, deferred tax assets and current tax assets are not included. Similarly, segment liabilities comprise liabilities and provisions, in so far as these can be assigned to the segment's operations. These do not include amounts due to banks, amounts to due to the shareholder, or obligations under finance leases. Capital expenditure includes spending on property, plant and equipment, and intangible assets. Amortisation and depreciation apply to property, plant and equipment, and intangible assets.

Notes to the consolidated income statement

The consolidated income statement is compiled according to the cost-of-sales method.

7 Revenues

Revenues of €131,930 thousand (€29,008 thousand in the short fiscal year 2008) comprise amounts invoiced to customers for goods and services minus sales deductions and cash discounts. The breakdown of revenues according to business and geographical segments is described in segment reporting.

Within the scope of long-term manufacturing contracts, revenues totalling €2,268 thousand were generated from customer-specific contracts in fiscal 2008/2009 (€986 thousand in the short fiscal year 2008) according to the percentage-of-completion method.

8 Cost of sales

	1 April 2008 to 31 March 2009 € thousands	1 January 2008 to 31 March 2008 € thousands
Expenditure for services received	18,397	3,820
Expenditure for finished goods and products	1,403	131
Cost of materials	**19,800**	**3,951**
Personnel costs	50,206	11,842
Depreciation and amortisation	9,940	2,333
Other expenditures	19,624	4,037
Cost of sales	**99,570**	**22,163**

9 Depreciation and amortisation

Scheduled amortisation and depreciation of intangible assets and property, plant and equipment totalled €10,855 thousand (€2,568 thousand in the short fiscal year 2008). A breakdown of depreciation and amortisation is given in the corresponding notes. Depreciation and amortisation are included in cost of sales, selling and marketing costs, and in general and administrative expenses.

10 Other operating income and expenses

This item includes all other operating income and expenses that cannot be directly attributed to cost of sales, selling and marketing costs or general and administrative expenses.

	1 April 2008 to 31 March 2009 € thousands	1 January 2008 to 31 March 2008 € thousands
Income from other general costs charged to customers	339	142
Income from other general costs charged to related companies	2,067	628
Other tax income	7	0
Income from disposal of non-current assets	18	1
Income from share-price gains	0	1
Other operating income	839	38
	3,270	**810**
Expenses for other general costs charged to customers	330	140
Expenses for other general costs charged to related companies	414	485
Other tax expense	12	1
Expenses for share-price losses	61	31
Expenses from disposal of non-current assets	7	0
Other operating expenses	7	5
	831	**662**
Other operating income and expense, net	**2,439**	**148**

Costs and income from general costs charged to customers are primarily attributable to costs charged to customers by suppliers within the scope of projects.

Income and expenses from other fiscal years
In the fiscal year from 1 April 2008 to 31 March 2009, income from other fiscal years totalled €887 thousand (€495 thousand in the short fiscal year 2008). This figure includes €803 thousand for the reversal of provisions, €12 thousand for proceeds from the disposal of assets, €7 thousand in tax refunds from previous years, and €65 thousand for other items. Expenses from other fiscal years totalled €90 thousand (€64 thousand in the short fiscal year 2008), including €73 thousand for back taxes for previous years, and €17 thousand for other items not attributable to fiscal 2008/2009.

11 Personnel costs

Payroll and related costs reported in the consolidated income statement include the following:

	1 April 2008 to 31 March 2009 € thousands	1 January 2008 to 31 March 2008 € thousands
Salaries and wages	55,246	13,257
Social security costs	7,797	1,752
Net periodic pension costs	298	80
Other pension costs	84	29
	63,425	**15,118**

The average headcount during fiscal 2008/2009 was as follows:

	31 March 2009 Total	31 March 2008 Total
Number of employees, production	857	794
Number of employees, sales and marketing	69	75
Number of employees, administration	98	83
	1,024	**952**

12 Financial income/expense

This item comprises the following:

	31 March 2009 € thousands	31 March 2008 € thousands
Interest and similar income	196	27
Interest and similar expense	-1,972	-537
Interest income/loss, net	**-1,776**	**-510**
Other financial income	4	0
Other financial expense	-35	-7
Other financial income/expense, net	**-31**	**-7**
	-1,807	**-517**

The items “interest and similar income”, and “interest and similar expense” comprise interest for financial assets and liabilities that are not recognised in profit or loss and are therefore posted at their fair value, in the amount of €193 thousand (€27 thousand in the short fiscal year 2008) and minus €1,654 thousand (minus €469 thousand in the short fiscal year 2008) respectively.

Other financial income/expense is primarily attributable to bank charges.

In interest income/loss net includes interest earned on pension fund assets to the value of €37 thousand (€13 thousand in the short fiscal year 2008).

13 Income taxes

Income taxes breaks down as follows:

	1 April 2008 to 31 March 2009 € thousands	1 January 2008 to 31 March 2008 € thousands
Current tax expense	-1,613	-203
Income from income taxes	361	14
Deferred tax attributable to temporary differences	562	-69
Deferred tax on loss carryforwards	3,088	-387
Tax in the consolidated income statement	**2,398**	**-645**

For German companies, at 31 March 2009, deferred taxes were calculated at a German corporation tax rate of 15 per cent (15 per cent in the short fiscal year 2008). A “solidarity surcharge” of 5.5 per cent for the costs of German reunification was also added to the corporation tax burden, as well as effective trade tax of 13.21 per cent (13.21 per cent in the short fiscal year 2008). Taking into account the solidarity surcharge and trade tax, a deferred tax rate of 29.035 per cent applied in fiscal 2008/2009 (29.035 per cent in the short fiscal year 2008).

Changes to fiscal law in Germany, effective from 2004, led to greater restrictions being placed on the use of tax loss carryforwards. As a result, corporation-/trade-tax loss carryforwards may only be netted in full against €1,000 thousand of total positive earnings, and by up to 60 per cent above this amount.

The table below reconciles expected and actual tax expense in the corresponding fiscal year. Expected tax expense was calculated by multiplying the average total tax rate of 29.035 per cent at 31 March 2009 (29.035 per cent in the short fiscal year 2008) by pre-tax earnings. The average total tax rate consists of an effective German corporation tax rate of 15.825 per cent (15.825 per cent in the short fiscal year 2008) plus effective trade tax, applied on the basis of the effective corporation tax rate, of 13.21 per cent (13.21 per cent in the short fiscal year 2008).

	31 March 2009 € thousands	31 March 2008 € thousands
Expected tax expense	-2,847	-489
Effect of foreign operations taxed at various rates	-47	-38
Non-tax-deductible impairment write-downs of goodwill	-215	-27
Trade-tax deviation	-64	-41
Valuation allowance for deferred tax assets	5,496	5
Currency exchange fluctuations	-5	0
Tax from previous reporting periods	79	-46
Other additions	1	-9
Actual tax expenses	**2,398**	**-645**

Trade-tax deviation comprises mainly tax expenses arising from trade-tax additions.

Tax assets and provisions are netted insofar as they apply to the same tax authority and the offsetting of such amounts is permissible.

Deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to temporary differences and to deferred tax assets on loss carryfowards, and break down as follows:

	31 March 2009 € thousands	31 March 2008 € thousands
Deferred tax assets		
Tax loss carryforwards	9,861	6,489
Intangible assets	98	109
Provisions	3	30
Receivables	0	26
Property, plant and equipment	6	0
Provisions for pensions	445	438
Finance leases	35	39
	10,448	**7,131**
Valuation allowance	-1,998	-1.722
Total deferred tax assets	**8,450**	**5,409**
Deferred tax liabilities		
Provisions	-20	-20
Property, plant and equipment	0	-3
Percentage of completion	-112	-119
Licenses used by customers	-1,426	-1,540
Intangible assets	-906	-1.304
Receivables	-94	-188
Total deferred tax liabilities	**-2,558**	**-3,174**
	5,892	**2,235**

In assessing the realisability of deferred tax assets, the Executive Board considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible.

At 31 March 2009, TDS AG posted corporation-tax loss carryforwards totalling €28,467 thousand (€17,094 thousand in the short fiscal year 2008), and trade-tax loss carryforwards totalling €24,497 thousand (€13,351 thousand in the short fiscal year 2008). This included disputed loss carryforwards of €19,553 thousand for partial write-downs made in 2001. In a ruling of 30 March 2009 (file number: 6 K 353/06), Baden-Württemberg finance court decided that these partial write-downs of €19,553 thousand are to be recognised. This ruling is non-appealable. However, there is a possibility that the corresponding tax authorities may lodge a complaint against this non-appealable status with the federal finance court in Germany. Based on the Baden-Württemberg court ruling, and the current jurisdiction of the European Court of Justice on this matter, the Company expects the federal court to rule in favour of TDS. As a result, at 31 March 2009, deferred tax assets in the amount of €5,677 thousand were formed for these loss carryforwards.

Impairment testing for tax loss carryforwards is based on taxable income over a four-year period. The limitations placed on the amount of tax loss carryforwards by German legislation are also taken into account. As a result, deferred tax assets in the amount of €7,741 thousand were carried in the financial statements (€4,468 thousand in the short fiscal year 2008). As in the short fiscal year, there was no valuation allowance.

TDS HR posted corporation-tax loss carry forwards in the amount of €4,922 thousand (€4,715 thousand in the short fiscal year 2008), and trade-tax loss carryforwards in the amount of €4,807 thousand (€4,563 thousand in the short fiscal year 2008). Due to the arrangement with TDS AG, where the two companies are treated as a single tax entity, it is not considered likely that these tax loss carryforwards will be realised in the short term. As a result, a valuation allowance was formed for the total amount of deferred tax assets.

At 31 March 2009, TDS MultiVision AG, Regensdorf, Switzerland, posted a corporation-tax loss carryforward of €1,737 thousand (€1,394 thousand in the short fiscal year 2008). As a result, deferred tax assets in the amount of €122 thousand were carried in the financial statements (€287 thousand in the short fiscal year 2008). Tax losses can be carried forward for seven years in Switzerland. Based on expected tax income for the next few years, the Company does not expect these deferred tax assets to be impaired. A valuation allowance was formed in the amount of the difference of €236 thousand.

At 31 March 2009, TDS Systemhouse plc., Chesterfield, UK, posted corporation-tax loss carryforwards of €987 thousand (€1,175 thousand in the short fiscal year 2008). In the United Kingdom, there is no time limit on the use of tax loss carryforwards. At present, deferred tax assets are not formed for these tax loss carryforwards.

14 Earnings per share

Earnings per share are reported in line with IAS 33, and determined by dividing consolidated net income after tax (adjusted where necessary) by the weighted number of average shares outstanding during the fiscal year.

Earnings per share break down as follows:

	31 March 2009 € thousands	31 March 2008 € thousands
Consolidated net income	12,200	1,039

	31 March 2009 Number of shares	31 March 2008 Number of shares
Weighted average of all outstanding shares used to calculate basic earnings per share	29,285,110	29,239,902
Dilutive effects of share options	0	3,941
Weighted average of all outstanding shares used to calculate diluted earnings per share	29,285,110	29,243,843

	31 March 2009 €	31 March 2008 €
Earnings per share (basic)	0.42	0.04

	31 March 2009 €	31 March 2008 €
Earnings per share (diluted)	0.42	0.04

15 Intangible assets

Intangible assets developed as follows during the period 1 April 2008 to 31 March 2009:

	Concessions, intellectual property and similar rights and assets and licenses to such rights and assets	Software developed in-house, including software in development	Rented software	Goodwill	Total
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Cost of acquisition					
1 April 2008	26,410	7,752	3,025	49,199	86,386
Currency translation effects	42	3	0	0	45
Change in consolidation	510	0	0	0	510
Additions	2,325	1,250	135	0	3,710
Reallocations	0	0	0	0	0
Disposals	116	2,430	651	0	3,197
31 March 2009	29,171	6,575	2,509	49,199	87,454
Depreciation and amortisation					
1 April 2008	17,346	3,719	1,882	17,901	40,848
Currency translation effects	1	-4	0	0	-3
Additions	2,342	747	389	0	3,478
Disposals	99	1,043	562	0	1,704
31 March 2009	19,590	3,419	1,709	17,901	42,619
Book values					
31 March 2009	9,581	3,156	800	31,298	44,835
1 April 2008	9,064	4,033	1,143	31,298	45,538

TDS does not carry out its own R&D. All development costs, to the value of €1,250 thousand (€184 thousand in the short fiscal year 2008), fulfil the criteria of IAS 38 and have been capitalised. No development costs were expensed.

Firm orders to the value of €370 thousand (€102 thousand in the short fiscal year 2008) have been placed for intangible assets that are not yet in the possession of the TDS Group.

Amortisation of intangible assets is mainly included in cost of sales, and also to a lesser degree in general and administrative expenses.

In the short fiscal year 2008, intangible assets developed as follows:

	Concessions, intellectual property and similar rights and assets and licenses to such rights and assets	Software developed in-house, including software in development	Rented software	Goodwill	Total
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Cost of acquisition					
1 January 2008	25,623	7,568	3,022	49,199	85,412
Currency translation effects	0	0	0	0	0
Additions	787	184	0	0	971
Reallocations	0	0	3	0	3
Disposals	0	0	0	0	0
31 March 08	26,410	7,752	3,025	49,199	86,386
Depreciation and amortisation					
1 January 2008	16,804	3,562	1,730	17,901	39,997
Currency translation effects	-1	0	0	0	-1
Additions	543	157	152	0	852
Disposals	0	0	0	0	0
31 March 2008	17,346	3,719	1,882	17,901	40,848
Book values					
31 March 2008	9,064	4,033	1,143	31,298	45,538
1 January 2008	8,819	4,006	1,292	31,298	45,415

16 Goodwill

Consolidated goodwill has been assigned to four cash-generating units (CGUs) in line with IFRS 3 *Business Combinations*:

CGU	Legal entity
IT Consulting Germany	TDS IT Consulting GmbH, Neckarsulm, Germany
IT Consulting Switzerland	Consulting activities of TDS MultiVision AG, Regensdorf, Switzerland
HR Germany	TDS HR Services & Solutions GmbH, Neckarsulm, Germany
HR Austria	effect Personalmanagement Ges.m.b.H., Pasching, Austria

Goodwill is subject to impairment testing at the end of each fiscal year. This establishes the recoverable amount at CGU level on the basis of fair value less costs to sell, using a discounted cash-flow method that is based on company planning. The interest rate paid by a typical market participant is applied for discounting cash flow. In fiscal 2008/2009, a pre-tax interest rate of 8.8 per cent (8.5 per cent in the short fiscal year 2008) was used for company planning (three years). Perpetuity is calculated on the basis of discounted cash flow for the third year. Impairment testing was performed on 31 October 2008.

According to impairment testing at 31 March 2009, there was no need for write-downs.

At 31 March 2009, goodwill broken down by cash-generating unit (CGU) was as follows:

	IT Consulting Germany	IT Consulting Switzerland	HR Germany	HR Austria	Total
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Cost of acquisition					
1 April 2008	13,954	7,255	26,231	1,759	49,199
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
31 March 2009	13,954	7,255	26,231	1,759	49,199
Depreciation and amortisation					
1 April 2008	10,763	7,138	0	0	17,901
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
31 March 2009	10,763	7,138	0	0	17,901
Book values					
31 March 2009	3,191	117	26,231	1,759	31,298
1 April 2008	3,191	117	26,231	1,759	31,298

In the short fiscal year 2008, goodwill broken down by cash-generating unit was as follows:

	IT Consulting Germany	IT Consulting Switzerland	HR Germany	HR Austria	Total
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Cost of acquisition					
1 January 2008	13,954	7,255	26,231	1,759	49,199
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
31 March 2008	13,954	7,255	26,231	1,759	49,199
Depreciation and amortisation					
1 January 2008	10,763	7,138	0	0	17,901
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
31 March 2008	10,763	7,138	0	0	17,901
Book values					
31 March 2008	3,191	117	26,231	1,759	31,298
1 January 2008	3,191	117	26,231	1,759	31,298

17 Property, plant and equipment

In the fiscal year from 1 April 2008 to 31 March 2009, property, plant and equipment developed as follows:

	Leasehold buildings	Computer and similar equipment	Leased computer equipment, office equipment, etc.	Other computer equipment and office equipment, etc.	Downpay-ments, plant and equipment under construction	Total
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Cost of acquisition						
1 April 2008	2,154	36,198	14,321	9,294	95	62,062
Currency translation effects	0	11	0	0	0	11
Change in consolidation	0	0	0	12	0	12
Additions	301	4,738	2,847	1,282	155	9,323
Reallocations	0	71	-12	0	-59	0
Disposals	9	4,015	1,892	295	0	6,211
31 March 2009	2,446	37,003	15,264	10,293	191	65,197
Depreciation						
1 April 2008	1,136	31,103	7,220	7,926	0	47,385
Currency translation effects	0	38	0	0	0	38
Additions	131	2,757	3,574	888	0	7,350
Disposals	6	3,652	1,877	276	0	5,811
31 March 2009	1,261	30,246	8,917	8,538	0	48,962
Book values						
31 March 2009	1,185	6,757	6,347	1,755	191	16,235
1 April 2008	1,018	5,095	7,101	1,368	95	14,677

At 31 March 2009, there were no securities against loans.

Firm orders to the value of €474 thousand (€439 thousand in the short fiscal year 2008) have been placed for property, plant and equipment not yet in the possession of the TDS Group.

Insurance compensation to the value of €0 thousand (€0 thousand in the short fiscal year 2008) was received for damaged tangible assets.

Capital expenditure in fiscal 20008/2009 is detailed in the management report.

In the short fiscal year 2008, property, plant and equipment developed as follows:

	Leasehold buildings	Computer and similar equipment	Leased computer equipment, office equipment, etc.	Other computer equipment and office equipment, etc.	Downpay-ments, plant and equipment under construction	Total
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Cost of acquisition						
1 January 2008	2,122	35,208	12,890	9,043	549	59,812
Currency translation effects	0	38	0	0	0	38
Additions	32	1,068	962	254	92	2,408
Reallocations	0	0	543	0	-546	-3
Disposals	0	116	74	3	0	193
31 March 2008	2,154	36,198	14,321	9,294	95	62,062
Amortisation						
1 January 2008	1,106	30,587	6,443	7,745	0	45,881
Currency translation effects	0	0	1	0	0	1
Additions	30	632	850	184	0	1,696
Disposals	0	116	74	3	0	193
31 March 2008	1,136	31,103	7,220	7,926	0	47,385
Book values						
31 March 2008	1,018	5,095	7,101	1,368	95	14,677
1 January 2008	1,016	4,621	6,447	1,298	549	13,931

18 Investment property

The following table shows changes in investment property in the fiscal year from 1 April 2008 to 31 March 2009:

	€ thousands
Cost of acquisition	
1 April 2008	2,491
Additions	0
Disposals	0
31 March 2009	2,491
Depreciation and amortisation	
1 April 2008	1,647
Current fiscal year	27
31 March 2009	1,674
Book values	
31 March 2009	817
1 April 2008	844

At 31 March 2009, fair value of investment property totalled €867 thousand (€861 thousand in the short fiscal year 2008). Due to a lack of comparable property, fair value was not calculated using market data, but using discounted cash flows of the recoverable amount based on fair value less costs to sell. Present value at the balance-sheet date was determined using estimated cash inflows from lease income less operating expenses over the remaining useful life of the investment property. For reasons of economy, and based on a lack of significance, the valuation was not carried out by independent experts.

In fiscal 2008/2009, lease income from investment property amounted to €27 thousand (€7 thousand in the short fiscal year 2008). Operating expenses came to €19 thousand (€5 thousand in the short fiscal year 2008).

In the short fiscal year 2008, investment property developed as follows:

	€ thousands
Cost of acquisition	
1 January 2008	2,491
Additions	0
Disposals	0
31 March 2008	2,491
Depreciation and amortisation	
1 January 2008	1,627
Current fiscal year	20
31 March 2008	1,647
Book values	
31 March 2008	844
1 January 2008	864

19 Leased assets

Finance leases
The Company has obligations under various finance leases for software licenses, and equipment, including computer hardware, concluded for terms of between three and six years.

These finance leases generally include options for an extension at commercially acceptable rates, unless, as in a few instances, the leasing company has the right to oblige TDS to purchase the leased item at the end of the term. The present value of minimum expenses for finance lease contracts is calculated with an interest rate of between 1.5 per cent and 16 per cent, depending on the lease contract.

Future minimum lease payments for finance leasing can be reconciled with the present value as follows:

	31 March 2009 € thousands		31 March 2008 € thousands	
	Minimum lease payments	Present value of the minimum lease payments	Minimum lease payments	Present value of the minimum lease payments
Less than one year	3,817	3,322	3,949	3,611
Between one and five years	4,354	3,948	4,924	4,769
Longer than five years	0	0	0	0
Total minimum lease payments	**8,171**		**8,873**	
Less interest	-901		-493	
Present value of minimum lease payments	**7,270**		**8,380**	

Operating leases
The Company also leases office space, office equipment, vehicles and certain services under operating leases. Operating leases break down as follows:

	31 March 2009 €thousands	31 March 2008 € thousands
Lease expenses	4,242	976
Income from subleasing arrangements	-121	-43
	4,121	**933**

At 31 March 2009, future obligations under operating leases for the minimum lease term were as follows:

	31 March 2009 €thousands	31 March 2008 € thousands
Less than one year	3,909	3,187
Between one and five years	9,112	6,873
Longer than five years	20,205	17,422
	33,226	**27,482**

Future minimum income from subleases was as follows at 31 March 2009:

	31 March 2009 €thousands	31 March 2008 € thousands
Up to one year	211	42
Between one and five years	235	49
Longer than five years	514	0
	960	**91**

20 Investments in associated companies

At 31 March 2008, investments in associated companies comprised the 50 per cent holding in ROSEA Trendpark Objektverwaltungsgesellschaft mbH & Co. KG, Neckarsulm, Germany (ROSEA KG). The Executive Board had elected to exercise the option in IAS 31 paragraph 38, which allows the inclusion of joint ventures in the consolidated financial statements using the equity method. Effective from 1 January 2009, TDS purchased the remaining 50 per cent of shares in ROSEA KG. As a result, ROSEA KG is now fully consolidated (see note 4 “Changes to corporate structure and to consolidation”). There were no investments in associated companies at 31 March 2009.

With regard to the 50 per cent holding of TDS, ROSEA KG had the following assets and liabilities until the time of purchase:

	31 December 2008 € thousands	31 March 2008 € thousands
Non-current assets	6	7
Current assets	1,090	1,146
Non-current liabilities	0	0
Current liabilities	898	527

With regard to the 50 per cent holding of TDS, ROSEA KG posted the following income and expenses during the period 1 April 2008 to 31 December 2008 (and in the short fiscal year from 1 January to 31 March 2008):

	1 April 2008 to 31 December 2008 € thousands	1 January 2008 to 31 March 2008 € thousands
Income	1,186	801
Expenses	1,613	353

During the period 1 April to 31 December 2008, €82 thousand was charged to ROSEA KG for facility management services. In the same period, ROSEA KG invoiced €68 thousand for additional costs. At the time of purchase, TDS held no receivables and/or liabilities with regard to ROSEA KG.

In the fiscal year from 1 April 2008 to 31 March 2009, investments in associated companies developed as follows:

	€ thousands
Cost of acquisition	
1 April 2008	626
Change in consolidation	-199
Additions	0
Disposals	427
31 March 2009	0
Depreciation and amortisation	
1 January 2008	0
Additions	0
Disposals	0
31 March 2009	0
Book values	
31 March 2009	0
1 April 2008	626

Development in the short fiscal year 2008:

	€ thousands
Cost of acquisition	
1 January 2008	252
Additions	374
Disposals	0
31 March 2008	626
Depreciation and amortisation	
1 January 2008	0
Additions	0
Disposals	0
31 March 2008	0
Book values	
31 March 2008	626
1 January 2008	252

21 Other financial assets

Development during the reporting period:

	Investments	Lendings to associated companies	Securities	Other lendings	Total
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Cost of acquisition					
1 April 2008	1,141	77	16	734	1,968
Additions	26	0	0	0	26
Disposals	0	0	0	0	0
31 March 2009	1,167	77	16	734	1,994
Depreciation and amortisation					
1 April 2008	1,093	77	4	734	1,908
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
31 March 2009	1,093	77	4	734	1,908
Book values					
31 March 2009	74	0	12	0	86
1 April 2008	48	0	12	0	60

Development in the short fiscal year 2008:

	Investments	Lendings to Associated companies	Securities	Other lendings	Total
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Cost of acquisition					
1 January 2008	1,141	257	16	734	2,148
Additions	0	0	0	0	0
Disposals	0	180	0	0	180
31 March 2008	1,141	77	16	734	1,968
Depreciation and amortisation					
1 January 2008	1,093	77	4	734	1,908
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
31 March 2008	1,093	77	4	734	1,908
Book values					
31 March 2008	48	0	12	0	60
1 January 2008	48	180	12	0	240

The following companies are included at cost:

Name of company	**Holding in per cent**
BFL Gesellschaft des Bürofachhandels mbH & Co. KG, Eschborn (BFL)	0.32 %
ROSEA Trendpark Objektverwaltung Beteiligungs-GmbH, Neckarsulm (ROSEA GmbH)	100.00 %
RATIODATA Rechenzentrum AG, Oberengstringen, Switzerland (Ratiodata)	100.00 %
Villa Rosa gGmbH, Heilbronn (Villa Rosa)	30.00 %
VisionOne Consulting AG, Neuss (VisionOne)	8.55 %

The following table gives figures in accordance with the German commercial code (HGB) for companies included at cost:

	BFL**	**ROSEA GmbH***	**Villa Rosa***
	€ thousands	€ thousands	€ thousands
Total assets	19,024	31	158
Total liabilities	5,177	2	71
Total revenues	337,000	1	599
Profit for the year	3,481	2	28

*)=At 31 December 2008
**)=At 31 December 2007

VisionOne is insolvent. It compiled financial statements for the last time on 31 December 2003. Ratiodata is in liquidation.

A list of subsidiaries and holdings at 31 March 2009 follows these notes. It is an integral part of these notes.

22 Other non-current assets

	31 March 2009 € thousands	31 March 2008 € thousands
Cash surrender value of life insurance	426	414
Prepaid expenses	160	123
Other non-current assets	82	0
	668	**537**

The other non-current assets have a remaining term of more than one year. The prepaid expenses primarily comprise prepaid maintenance services for hardware and software.

23 Deferred tax assets

Details of deferred tax assets are provided in note 13 “Income taxes”.

24 Inventories

	31 March 2009 € thousands	31 March 2008 € thousands
Consumables	48	98
Commodities	2	12
	50	**110**

There were no inventories used as securities against loans at 31 March 2009, as was the case in the short fiscal year 2008.

25 Trade receivables

	31 March 2009 € thousands	31 March 2008 € thousands
Trade receivables	23,858	16,196
Less valuation allowances	-113	-478
	23,745	**15,718**
Receivables from ongoing projects not yet invoiced (PoC)	2,631	5,277
Total trade receivables on the balance sheet	**26,376**	**20,995**

All amounts due to banks within the scope of the pooled loan facility were repaid at the end of fiscal 2007. As a result, there were no receivables used as security against loans at 31 March 2009, as was the case in the short fiscal year 2008.

At 31 March 2009, receivables from ongoing projects not yet invoiced included incurred expenses of €2,336 thousand (€5,005 thousand in the short fiscal year 2008), gains of €385 thousand (€410 thousand in the short fiscal year 2008), and minus €90 thousand in losses (minus €138 thousand in the short fiscal year 2008). Assumptions, risks, and uncertainties associated with application of the percentage-of-completion method impact amounts for revenues and expenses. Numerous internal and external factors have effects on estimations of cost of manufacture.

Trade receivables with a term of between one and five years totalled €13 thousand (€193 thousand in the short fiscal year 2008).

At 31 March 2009, an impairment loss was defined for trade receivables with a nominal value of €113 thousand (€478 thousand in the short fiscal year 2008). The valuation allowance developed as follows:

	31 March 2009 € thousands	31 March 2008 € thousands
1 April 2008 (short fiscal year: 1 January 2008)	478	465
Addition	4	49
Use	-334	-36
Reduction	-35	0
31 March 2009 (short fiscal year: 31 March 2008)	**113**	**478**

Non-impaired but overdue trade receivables break down as follows:

€ thousands			Overdue but not impaired				
	Total	Not overdue	Less than 30 days	31-60 days	61-90 days	91-120 days	More than 121 days
31 March 2009	23,745	13,108	5,687	1,977	1,338	481	1,154
31 March 2008	15,718	8,614	3,998	972	791	493	850

26 Other current assets

	31 March 2009 € thousands	31 March 2008 € thousands
Financial receivables due from related companies	0	1,800
Receivables due from related companies	2,816	1,710
Supplier credit	33	18
Deposit payments	41	40
Receivables from employees	8	68
Downpayments to suppliers	193	329
Other receivables and assets	1,441	108
Valuation allowance	-23	-213
	4,509	**3,860**
Prepaid expenses	2,429	2,236
	6,938	**6,096**

27 Cash and cash equivalents

The cash and cash equivalents posted here include bank deposits, checks, etc. Cash and cash equivalents in foreign currencies are valued according to the applicable exchange rate at the balance-sheet date. At 31 March 2009, cash and cash equivalents totalled €662 thousand (€192 thousand in the short fiscal year 2008).

28 Shareholders' equity

Share capital
At 31 March 2009, share capital comprised 29,368,616 outstanding and paid-up shares, each with a nominal value of €1.00 (29,296,116 at 31 March 2008). Each share entitles the holder to one vote. For the development of share capital, see the table showing the reconciliation of shareholders' equity.

Additional paid-in capital
The development of additional paid-in capital is given in the table showing the reconciliation of shareholders' equity in the consolidated financial statements. Additional paid-in capital is primarily attributable to the premium from the initial public offering (IPO), and capital increases, less associated costs. Moreover, additional paid-in capital increased by the amount of the premium from the exercise of share options and by the costs for share-based payments, and rose or fell due to increases or decreases from the sale of treasury shares.

Authorised capital

On 3 July 2006, the annual shareholders' meeting authorised the Executive Board to increase share capital, subject to the approval of the Supervisory Board, on one or multiple occasions by up to a total of €14,589 thousand by 2 July 2011, by means of issuing 14,589,308 shares against cash or non-cash contributions. As a result of this resolution, outstanding authorised capital in the amount of €11,548 thousand (11,548,210 shares) was cancelled and replaced by new authorised capital of €14,589 thousand (14,589,308 shares). Authorised capital, and the corresponding change in the Articles of Incorporation, were entered in the commercial register at 20 July 2006.

Authorised-but-contingent capital

By resolution of the annual shareholders' meeting on 23 May 2002, authorised-but-contingent capital for the 2002 share-option plan (see note 35 "Share-based payment") was raised by €1,490 thousand through the issue of up to 1,490,000 new shares (authorised-but-contingent capital IV). Moreover, authorised-but-contingent capital for the issue of new convertible bonds was raised by €7,750 thousand through the issue of 7,750,000 new shares (authorised-but-contingent capital V).

At 31 March 2009, authorised-but-contingent capital totalled €8,182 thousand (€8,255 thousand in the short fiscal year 2008). Authorised-but-contingent capital IV and V developed as follows:

	Authorised-but-contingent capital IV	Authorised-but-contingent capital V	Authorised-but-contingent capital (total)
	No. of shares	No. of shares	No. of shares
Resolution of the annual shareholder's meeting of 23 May 2002	1,490,000	7,750,000	9,240,000
Exercise of share-option program in 2004	-92,500	0	-92,500
31 December 2004	1,397,500	7,750,000	9,147,500
Reduction in accordance with resolution of annual shareholders' meeting of 9 June 2005	-577,500	0	-577,500
Exercise of share-option program in 2005	-198,000	0	-198,000
31 December 2005	622,000	7,750,000	8,372,000
Exercise of share-option program in 2006	-112,500	0	-112,500
31 December 2006	509,500	7,750,000	8,259,500
Exercise of share-option program in 2007	-5,000	0	-5,000
31 December 2007	504,500	7,750,000	8,254,500
Change in the short fiscal year 2008	0	0	0
31 March 2008	504,500	7,750,000	8,254,500
Exercise of share-option program in 2008/2009	-72,500	0	-72,500
31 March 2009	432,000	7,750,000	8,182,000

Comprehensive income (loss) from currency translation

This was due entirely to differences in currency translation. Changes in income from currency translation can be found in the table showing the reconciliation of shareholders' equity that precedes these notes.

Retained earnings and accumulated loss

This item comprises accumulated gains and losses from past accounting periods, as well as consolidated net income for fiscal 2008/2009.

Treasury shares

Through a resolution passed at the ordinary annual shareholders' meeting on 11 August 2008, the Executive Board is authorised to purchase shares with a value of up to 10 per cent of equity on one or multiple occasions, until 10 February 2010, and to sell these shares on the stock exchange, with the agreement of the Supervisory Board. Furthermore, with the agreement of the Supervisory Board, the Executive Board is authorised to sell previously purchased shares, while excluding shareholders' statutory subscription rights, by means other than the stock exchange or offering them to all shareholders. In addition, the Executive Board is authorised to sell shares acquired through mergers or investments in other companies, and to use purchased shares to fulfil subscription rights. The Executive Board is permitted, with the agreement of the Supervisory Board, to withdraw some or all of the shares acquired as a result of this resolution.

At 31 March 2009, the number of treasury shares remained the same at 56,214. These shares were valued at unchanged acquisition cost of €135 thousand.

Capital management

The Executive Board is committed to ensuring a healthy equity-to-total-assets ratio, in the interests of shareholders, creditors, customers and suppliers. Against this background, equity-to-total-assets ratio is subject to regular monitoring, so that corresponding measures can be implemented rapidly when necessary.

In fiscal 2008/2009, capital management was again based on consolidated quarterly reporting, using the equity-to-total-assets ratio in the TDS consolidated balance sheet according to IFRS.

Equity-to-total-assets ratio is calculated as follows:

	31 March 2009 € thousands	31 March 2008 € thousands
Total shareholder's equity	49,146	36,832
Total assets	102,671	92,120
Equity-to-total-assets ratio	**47.9 %**	**40.0 %**

Neither TDS AG nor its subsidiaries are subject to external capital requirements.

29 Provisions for pensions

At 31 March 2009, provisions for pensions broke down as follows:

	1 April (1 January last year)	Currency translation adjustments	Use	Reduction	Addition	31 March
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
1 April 2008 to 31 March 2009	5,283	19	193	0	525	**5,634**
1 January 2008 to 31 March 2008	5,174	19	15	0	105	5,283

Provisions for pensions are formed for liabilities from vested benefits, as well as current benefits paid to entitled and former employees of the TDS Group, or to their surviving dependents, and are based on individual contracts of employment. Benefits are based on the employee's length of service and compensation. The Company's pension plans are partially funded. There are different pension systems, depending on the legal, economic and tax situation in the country concerned.

These systems are generally based on the employee's length of service and compensation. Company pensions within the Group are based exclusively on defined benefit plans, which oblige the Company to ensure that promised payments are made to current and former employees. In the short fiscal year 2008 the vast majority of benefit obligations and corresponding funds of dsoftware, acquired in 2007, were transferred to a contributory plan. In fiscal 2008/2009, the remaining dsoftware benefit obligations and corresponding funds were backed by a contributory plan, financed exclusively through employee contributions. As a result, the defined benefit plans of TDS AG and its German subsidiaries were backed entirely by provisions.

The pension plans of TDS MultiVision AG, Regensdorf, Switzerland, are financed exclusively by funds.

The amount of pension obligations (present value of defined benefit obligations) has been calculated using actuarial methods, which necessarily involve estimates and assumptions. In addition to assumptions regarding life expectancy, the following assumptions, which depend on the economic environment of the specific country, are important:

	Germany		Switzerland	
	31 March 2009	31 March 2008	**31 March 2009**	31 March 2008
Discount rate	6.0 %	6.74/6.09 %*	3.00 %	3.50 %
Expected return on assets	-	4.00 %	3.00 %	3.00 %
Rate of compensation increase	1.00 %	3.00 %	1.00 %	up to 5.00 %
Rate of retirement-benefit increase	1.75 %	1.70 %	0.00 %	0.00 %

*)=Short fiscal year 2008: 6.74 per cent for employees and 6.09 per cent for retirees

The rate of compensation increase reflects expected future salary increases. These are estimated annually, taking into consideration factors such as inflation and the economic situation. In Switzerland, the rate of compensation increase was estimated separately for different age groups. As a result of integration with the Fujitsu Services group, estimations of future salary increases are lower. The rate of compensation increase for TDS companies was adjusted accordingly. The pension obligations calculated using the projected unit credit method are reduced by the amount of the plan assets. If the plan assets exceed the pension obligations, they are included under other assets in accordance with IAS 19, taking account of the asset ceiling described in this standard. If they do not cover the obligations, the net obligations are recorded under pension provisions.

Increases or decreases in either the present value of the defined benefit plans, or in the fair value of the plan assets, can result in actuarial gains or losses. These increases and decreases can be caused by changes in the calculation parameters, in the estimates of risk development for the pension obligations, and by differences between the actual and expected return on plan assets. Checks to determine whether actuarial gains or losses must be recognised in the financial statements were performed on the basis of the individual plans at the balance-sheet date, in accordance with the corridor approach. The sum of actuarial gains or losses that have not yet been taken into consideration, and that exceed 10 per cent of the higher value of plan assets or defined benefit obligations, is spread across the average remaining service period of active employees.

Accumulated benefit obligations of defined benefit plans:

	Germany		Switzerland			
	31 March 2009 € thousands	**31 March 2008** € thousands	**31 March 2009** € thousands	**31 March 2008** € thousands	**31 March 2009** € thousands	**31 March 2008** € thousands
Present value of pension obligations financed by provisions	4,551	3,909	0	0	4,551	3,909
Present value of pension obligations financed by funds	0	14	1,807	1,765	1,807	1,779
Present value of defined benefit obligations	4,551	3,923	1,807	1,765	6,358	5,688
Plan assets at market values	0	-20	-1,293	-1,206	-1,293	-1,226
Net obligations	4,551	3,903	514	559	5,065	4,462
Adjustment due to actuarial gains (+) and losses (-)	857	1,146	-288	-331	569	815
Effects of asset ceiling	0	6	0	0	0	6
Balance sheet value	**5,408**	**5,055**	**226**	228	**5,634**	**5,283**

In the past five years, the present values of defined benefit obligations not covered by plan assets developed as follows:

	31 March 2009 € thousands	**31 March 2008** € thousands	**31 December 2007** € thousands	**31 December 2006** € thousands	**31 December 2005** € thousands	**31 December 2004** € thousands
Present value of pension obligations	6,358	5,688	6,601	6,404	6,172	5,250
Plan assets at market values	-1,293	-1,226	-2,047	-1,304	-1,007	-1,104
Present value of defined benefit obligations not covered by plan assets	**5,065**	**4,462**	**4,554**	**5,100**	**5,165**	**4,146**

Adjustments to the present value of pension obligations based on experience	8	-628	-931	-395	912	1,163

Development of the present values of pension obligations:

	Germany		Switzerland		Total	
	31 March 2009 € thousands	31 March 2008 € thousands	31 March 2009 € thousands	31 March 2008 € thousands	31 March 2009 € thousands	31 March 2008 € thousands
1 April (1 January last year)	3,923	4,631	1,765	1,970	5,688	6,601
Transfers	34	-164	0	0	34	-164
Currency translation adjustments	0	0	62	100	62	100
Current service costs	127	34	166	47	293	81
Interest costs	263	64	59	16	322	80
Allocation of funds	0	0	211	42	211	42
Benefit payments*	-68	-15	-399	-411	-467	-426
Actuarial gains/losses	272	-627	-57	1	215	-626
31 March	**4,551**	**3,923**	**1,807**	**1,765**	**6,358**	**5,688**

Development of plan assets:

	Germany		Switzerland		Total	
	31 March 2009 € thousands	31 March 2008 € thousands	31 March 2009 € thousands	31 March 2008 € thousands	31 March 2009 € thousands	31 March 2008 € thousands
1 April (1 January last year)	20	226	1,206	1,821	1,226	2,047
Transfer of obligations to a contributory plan	-20	-206	0	0	-20	-206
Currency translation adjustments	0	0	44	84	44	84
Expected return on plan assets	0	0	37	13	37	13
Actuarial gains/losses	0	0	-17	-385	-17	-385
Employer contributions	0	0	211	42	211	42
Employee contributions	0	0	211	42	211	42
Benefit payments*	0	0	-399	-411	-399	-411
31 March	**0**	**20**	**1,293**	**1,206**	**1,293**	**1,226**

*)=As a result of features specific to pension plans in Switzerland, benefit payments in this country may include proceeds from pension funds from the former employers of new staff and/or outgoing payments for benefit obligations to former employees of TDS.

TDS MV plan assets are managed by Winterthur, Switzerland, within the scope of a collective insurance agreement. All plan assets are direct 100 per cent entitlements vis-à-vis the insurance company.

dsoftware plan assets comprise fixed-interest deposits only.

In fiscal 2008/2009, contributions of €4,354 thousand were made to public pension funds.

TDS plans to contribute €211 thousand to plan assets in fiscal 2009/2010.

Pension cost from defined benefit obligations:

	Germany		**Switzerland**		**Total**	
	31 March 2009	**31 March 2008**	**31 March 2009**	**31 March 2008**	**31 March 2009**	**31 March 2008**
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Current service costs (in operating profit/loss)	127	34	166	47	293	81
Interest expense (in financial profit/loss)	263	64	59	16	322	80
Expected return on plan assets (in financial profit/loss)	0	0	-37	-13	-37	-13
Actuarial gains (-) and losses (+) (in operating profit/loss)	-17	-1	22	0	5	-1
	373	**97**	**210**	**50**	**583**	**147**

The actual return on plan assets from external pension funds totalled minus €19 thousand (€372 thousand in the short fiscal year 2008).

30 Additional provisions

Additional provisions include appropriate amounts for fiscal years for which assessments by the tax authorities have not been finalised, and for other tax risks.

The provisions for payroll and related costs are primarily formed for vacation compensation and special payments. The provisions include €139 thousand (€115 thousand in the short fiscal year 2008) for severance costs, lawyers' fees and costs for court proceedings.

Other additional provisions are mainly formed for outstanding invoices, the audit of annual financial statements, and other uncertain liabilities.

At 31 March 2009, additional provisions were as follows:

	01 April 2008	Change in consoli-dation	Currency-translation adjust-ments	Real-locations	Use	Reduction	Addition	31 March 2009
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Provisions for taxes	1,469	0	0	0	1,075	386	1,447	1,455
Other provisions								
Payroll and related costs	3,807	0	4	9	3,615	116	6,467	6,556
Warranty obligations and risks from pending transactions	157	0	0	0	76	51	153	183
Other additional provisions	2,027	1,581	0	-9	3,286	296	2,710	2,727
	7,460	**1,581**	**4**	**0**	**8,052**	**849**	**10,777**	**10,921**

At 31 March 2009, the following items were estimated for the provisions within the individual categories.

	Remaining term less than one year	Remaining term one to five years	Remaining term more than five years
	€ thousands	€ thousands	€ thousands
Provisions for taxes	1,455	0	0
Payroll and related costs	4,859	0	14
Warranty obligations and risks from pending transactions	168	0	0
Other additional provisions	2,727	0	0
Total	**9,209**	**0**	**0**
Non-cash provisions	1,698	0	0
Total provisions	**10,907**	**0**	**14**

31 Financial liabilities

Financial liabilities break down as follows:

	31 March 2009 € thousands	**31 March 2008** € thousands
Amounts due to related companies	12,300	15,500
Amounts due to banks	5,000	5,001
Obligations under finance leases	7,270	8,380
	24,570	**28,881**

Amounts due to related companies
Within the scope of the intercompany loan arrangement concluded between TDS and Fujitsu Services Overseas Holdings Limited, London, UK (Fujitsu Services) on 25 April 2007, a non-amortising loan in the amount of €17,000 thousand and with a term of 36 months was granted by Fujitsu Services on 28 December 2007. The interest rate is 6.35 per cent per annum for the entire term of the loan, with interest due for payment on a quarterly basis. In fiscal 2008/2009, the loan was reduced to €12,300 thousand thanks to a one-off repayment of €3,200 thousand.

On 20 March 2009, the existing loan arrangement with Fujitsu Services Overseas Holding Limited for €12,300 thousand was replaced by a new intercompany loan arrangement concluded with Fujitsu Services Limited, London, UK, on 13 March 2009, for a loan of €30,000 thousand. Of this amount, €12,300 thousand had been claimed at the balance-sheet date. The loan's term runs until 19 March 2010. The variable interest rate is based on the EURO-Libor rate, plus a premium of 2.0 per cent, and is currently 3.61188 per cent. The interest rate is fixed until 19 June 2009.

Amounts due to banks
Amounts due to banks mainly comprise a capital-market financed corporate bond of 5 July 2007 in the amount of €5,000 thousand. Interest is based on the applicable Euribor rate for the corresponding interest period, plus a premium of 1.8 per cent, and is currently 3.450 per cent per annum (6.406 per cent per annum in the short fiscal year 2008). The interest rate is fixed until 14 June 2009, and is adjusted every three months. Notice was given to terminate the bond on 15 June 2009. The bond is to be repaid in full at the nominal value.

In addition, amounts due to banks for current-account credit lines total €0 thousand (€1 thousand in the short fiscal year 2008).

Finance leases
Finance leases are mainly employed to finance capital expenditure for customer-related projects at TDS data centres. Details of obligations under finance leases can be found in note 19 "Leased assets".

32 Term of liabilities

31 March 2009	Remaining term less than one year	Remaining term one to five years	Remaining term more than five years	Total at 31 March 2009
	€ thousands	€ thousands	€ thousands	€ thousands
Amounts due to related companies	12,300	0	0	12,300
Amounts due to banks	5,000	0	0	5,000
Finance leases	3,322	3,948	0	7,270
Financial liabilities	**20,622**	**3,948**	**0**	**24,570**
Customer downpayments	1,424	0	0	1,424
Trade payables	4,242	0	0	4,242
Other liabilities	6,562	172	0	6,734
(for tax)	(2,168)	(0)	(0)	(2,168)
Total	**32,850**	**4,120**	**0**	**36,970**

At 31 March 2009, customer downpayments included downpayments for long-term service contracts in the amount of €1,367 thousand (€3,407 thousand in the short fiscal year 2008).

31 March 2008	Remaining term less than one year	Remaining term one to five years	Remaining term more than five years	Total at 31 March 2008
	€ thousands	€ thousands	€ thousands	€ thousands
Amounts due to related companies	0	15,500	0	15,500
Amounts due to banks	1	5,000	0	5,001
Finance leases	3,611	4,769	0	8,380
Financial liabilities	**3,612**	**25,269**	**0**	**28,881**
Customer downpayments	3,465	0	0	3,465
Trade payables	3,742	0	0	3,742
Other liabilities	6,357	100	0	6,457
(for tax)	(2,762)	(0)	(0)	(2,762)
Total	**17,176**	**25,369**	**0**	**42,545**

33 Other liabilities

Other liabilities break down as follows:

	31 March 2009 € thousands	**31 March 2008** € thousands
Value-added tax and other tax liabilities	2,168	2,762
Salaries and wages	7	64
Liabilities from the early termination of building leases	0	0
Customer credit	31	61
Other amounts due to the majority shareholder	963	89
Total of other liabilities	177	144
	3,346	**3,120**
Prepaid expenses	3,388	3,337
	6,734	**6,457**

34 Government grants

Within the scope of an initiative aiming to improve the regional economy, the Company received a non-repayable government grant of €25 thousand for the expansion of its Zwickau site in fiscal 2008/2009. This grant was posted as deferred income under “Other liabilities”. Realisation is based on the average useful life of the corresponding asset, and the corresponding amount is recorded under “Other operating income”.

The Company also received a government grant of €6 thousand for the costs of making its sites suitable for the disabled. The grant was recorded as a reduction in costs of acquisition of the corresponding assets. Write-downs for the corresponding assets decrease accordingly.

35 Additional information on financial instruments

Book values, approaches to valuation and fair values by category

		Valuation at amortised cost of acquisition in accordance with IAS 39				Valuation in accordance with IAS 17	
Category		Loans and receivables		Financial liabilities valued at amortised cost of acquisition			
Type	**Book value at 31 March 2009**	Book value	Market value	Book value	Market value	Book value	Market value
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Assets							
Lendings							
Trade receivables	23,745	23,745	23,745				
Cash and cash equivalents	662	662	662				
Other receivables	3,906	3,906	3,906				
	28,313	**28,313**	**28,313**				
Shareholders’ equity and liabilities							
Amounts due to the majority shareholder	12,300			12,300	12,262		
Amounts due to banks	5,000			5,000	5,000		
Finance leases	7,270					7,270	7,609
Trade payables	4,242			4,242	4,242		
Other liabilities	1,049			1,049	1,049		
	29,861			**22,591**	**22,553**	**7,270**	**7,609**

		Valuation at amortised cost of acquisition in accordance with IAS 39				Valuation in accordance with IAS 17	
Category		Loans and receivables		Financial liabilities valued at amortised cost of acquisition			
Type	**Book value at 31 March 2008**	Book value	Market value	Book value	Market value	Book value	Market value
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Assets							
Lendings							
Trade receivables	15,718	15,718	15,718				
Cash and cash equivalents	192	192	192				
Other receivables	1,835	1,835	1,835				
	17,745	**17,745**	**17,745**				
Shareholders' equity and liabilities							
Amounts due to the majority shareholder	15,500			15,500	15,672		
Amounts due to banks	5,001			5,001	5,001		
Finance leases	8,380					8,380	8,025
Trade payables	3,742			3,742	3,742		
Other liabilities	214			214	214		
	32,837			**24,457**	**24,629**	**8,380**	**8,025**

Cash and cash equivalents, trade receivables and payables, lendings, other receivables and other liabilities have mostly short terms and/or are subject to variable interest in line with market rates. As a result, the book value at the balance-sheet date corresponds approximately to the fair value.

Obligations under finance leases are subject to fixed interest rates throughout their terms. Therefore, the market value may fluctuate as a result of changes in actual market interest rates. Market value was estimated on the basis of the present value. We discounted outgoing contractual payments on the basis of interest rates for equivalent terms and risk. These interest rates varied between 3.81 per cent and 4.68 per cent, depending on the remaining term of the liability.

Trade receivables of €26,376 thousand in fiscal 2008/2009 (€20,995 thousand in the short fiscal year 2008) include receivables for ongoing projects not yet invoiced (PoC) in the amount of €2,631 thousand (€5,277 thousand in the short fiscal year 2008). These are not recognised here because they are not financial assets. Other receivables allocated to financial assets in the amount of €2,898 thousand (€1,835 thousand in the short fiscal year 2008) are included under "Other assets".

36 Share-based payment

Share-option plan
On 23 May 2002, the annual shareholders' meeting authorised a share-option plan (2002 share-option plan), under which options for up to 1,490,000 Company shares could be granted to TDS Group employees and the Executive Board by 31 December 2004. Of 940,000 share options granted in 2002 (2002 tranche), 885,000 were accepted. A further 415,000 share options were granted and accepted in 2004 (2004 tranche). Each option may be exchanged for one share in the Company at the exercise price. The exercise price is the volume-weighted average closing price of the TDS share in Xetra trading on the Frankfurt Stock Exchange over the ten trading days preceding the issuance of the option, but not less than the portion of share capital allocable to one share, plus a premium of ten per cent. The term is three years for 50 per cent of the share options, and four years for the remaining 50 per cent. Within the scope of each tranche, 50 per cent of the share options issued to each individual recipient have a service period of two years and a term of three years, and 50 per cent have a service period of three years and a term of four years.

Share options are cancelled when employees leave the Company, provided that the service period has not yet elapsed. However, the Executive Board — or the Supervisory Board if Executive Board members are affected — is authorised to make exceptions to this rule in individual cases.

Share options granted in fiscal 2002 expired in fiscal 2006.

Options granted in 2004 can be or could be exercised as follows:

	Term of options	Service period	Exercise period
Tranche 1 (50 per cent)	2004 to 2007 (Nov - Nov)	2 years	Nov 2006 to Nov 2007
Tranche 2 (50 per cent)	2004 to 2008 (Nov - Nov)	3 years	Nov 2007 to Nov 2008

The Black-Scholes pricing model is used to calculate the fair value of each option upon the date of grant.

The following weighted-average assumptions were made for the 2002 share-option plan (2004 tranche): Share price €2.69, exercise price €2.96, average dividend yield 0 per cent, risk-free interest rate of 3.5 per cent, volatility 40.0 per cent and a term of three years for 50 per cent of the options and four years for the remaining 50 per cent. The Black-Scholes fair value was €0.74 and €0.88 on the date of grant. Volatility was calculated based on the historical share price.

Share-option activity during the periods indicated was as follows:

	No. of options, 2002 plan 2004 tranche	Of which can be exercised at year-end	Average exercise price per option (€)
31 December 2003	0	0	
Granted	415,000		2.96
Exercised	0		
Withdrawn	0		
Expired	0		
Cancelled	0		
31 December 2004	415,000	0	2.96
Granted	0		
Exercised	0		
Withdrawn	0		
Expired	0		
Cancelled	-10,000		2.96
31 December 2005	405,000	0	2.96
Granted	0		
Exercised	0		
Withdrawn	0		
Expired	0		
Cancelled	-25,000		2.96
31 December 2006	380,000	0	2.96
Granted	0		
Exercised	-5,000		2.96
Withdrawn	0		
Expired	-135,000		2.96
Cancelled	-130,000		2.96
31 December 2007	110,000	0	2.96
Granted	0		
Exercised	0		
Withdrawn	0		
Expired	0		
Cancelled	0		
31 March 2008	110,000	0	2.96
Granted	0		
Exercised	-72,500		
Withdrawn	0		
Expired	-37,500		
Cancelled	0		
31 March 2009	0	0	2.96

50 per cent of options from the 2004 tranche expired in November 2007, and the remaining 50 per cent in November 2008. The weighted average share price of options exercised during the exercise period was €3.74.

Cancelled options are attributable to employees who left the Company before the service period ended.

According to IFRS 2, expense amounted to €0 thousand in fiscal 2008/2009 (€0 thousand in the short fiscal year 2008).

37 Related parties

According to IAS 24 *Related Party Disclosure*, any individual or entity that may be expected to influence, or be influenced by, the reporting company, must be disclosed. This excludes companies included in the consolidated financial statements. Relationships between parent companies and subsidiaries must be disclosed. Relationships with related parties must only be disclosed if transactions have taken place. Related parties within the TDS Group include Fujitsu Services as majority shareholder, members of the Executive Board and Supervisory Board, as well as unconsolidated and unassociated companies of TDS AG.

Prices and terms for independent business partners also apply to transactions with related persons and entities.

Majority shareholder
Expenses and income for the majority shareholder Fujitsu Services and companies related to Fujitsu Services in fiscal 2008/2009 were as follows:

	1 April 2008 to 31 March 2009 € thousands	**1 January 2008 to 31 March 2008** € thousands
Revenues	8,608	461
Other operating income	1,973	868
Total income	**10,581**	**1,329**

Revenues mainly comprise income from services provided by TDS as a subcontractor to customers of Fujitsu Services Limited, London, UK. Furthermore, they include income from Business Process Outsourcing (BPO) services for a division of Fujitsu Services, Düsseldorf, Germany (Fujitsu Services DE), and from establishing a shared service centre for Fujitsu Services DE.

Other operating income mainly includes income from expenses charged to Fujitsu Services in connection with the contract with Fujitsu Services DE for the provision of management services.

	1 April 2008 to 31 March 2009 € thousands	**1 January 2008 to 31 March 2008** € thousands
For products and services	3,082	221
Interest expenses	863	258
	3,945	**479**

Costs for products and services include expenses arising from a contract for the provision of services concluded with Fujitsu Services DE and expenses in connection with hardware maintenance. Furthermore, Fujitsu Services DE charged ROSEA KG, which was included at equity in the consolidated financial statements at 31 December 2008, €1,300 TEUR retrospectively in fiscal 2008/2009 for assistance provided the year before in connection with the conclusion of lease agreements and the restructuring of lease agreements for the property at Konrad-Zuse-Strasse 16, Neckarsulm. This amount was recognised in income before 31 December 2008 and led to a €650 thousand decrease in income from associated companies.

Interest expenses are for liabilities from loans granted by Fujitsu Services Limited, London, UK.

At 31 March 2009, receivables and liabilities for Fujitsu Services and related companies were as follows:

	31 March 2009 € thousands	**31 March 2008** € thousands
Financial receivables	0	1,800
Trade receivables	2,816	1,710
Receivables	**2,816**	**3,510**

	31 March 2009 € thousands	31 March 2008 € thousands
Loan	12,300	15,500
Interest	15	0
Trade payables	948	89
Liabilities	**13,263**	**15,589**

Details of the loan are given in note 31 "Financial liabilities".

Unconsolidated subsidiaries
In fiscal 2008/2009, there were no transactions with unconsolidated subsidiaries (ROSEA GmbH, RATIODATA Rechenzentrum AG). At 31 March 2009, there were no receivables or liabilities for unconsolidated subsidiaries.

Associated companies
See note 20 "Investments in associated companies".

Other investments
The following table shows the value of services provided to and received from other investments:

	Value of services provided € thousands		Value of services received € thousands	
	1 April 2008 to 31 March 2009	1 January 2008 to 31 March 2008	**1 April 2008 to 31 March 2009**	1 January 2008 to 31 March 2008
Villa Rosa gGmbH, Heilbronn	0	0	21	5

In fiscal 2008/2009, €21 thousand was contributed to Villa Rosa gGmbH for day care for TDS employees' children (€5 thousand in the short fiscal year from 1 January to 31 March 2008).

At 31 March 2009, there were no receivables or liabilities for other investments.

Other related parties
Expenses of €453 thousand were posted in fiscal 2008/2009 (€121 thousand in the short fiscal year 2008) for consulting services at Insignion Management Consulting GmbH, Wiesbaden, Germany (Insignion), a company in which the wife of Executive Board member Dr. Heiner Diefenbach has a 51 per cent holding. The resulting liabilities totalled €30 thousand at the balance-sheet date (€66 thousand in the short fiscal year 2008).

In fiscal 2008/2009, no revenues of a material nature were generated from transactions with shareholders, members of management, or with companies controlled by these persons.

For information regarding the compensation of TDS Executive and Supervisory Board members, see note 45 "Further relevant information concerning the Executive and Supervisory Board".

38 Other financial obligations

Future financial obligations at 31 March 2009 break down as follows:

	€ thousands
Due in less than one year	5,040
Due in one to five years	9,389
Due in more than five years	20,509
	34,938

This item primarily consists of rental/lease expenses.

39 Contingent liabilities

There were no contingent liabilities at the balance-sheet date.

40 Legal proceedings

TDS AG and its consolidated companies are not involved in any court or arbitration proceedings that may have a significant effect on the economical status of the Group.

41 Declaration of Compliance with the German Corporate Governance Code

The Executive Board and Supervisory Board of TDS issued a declaration of compliance with the German Corporate Governance Code, pursuant to Section 161 of the German Stock Corporation Act (AktG), and made this declaration permanently available to shareholders.

42 Disclosures according to Section 25 (1) of the German Securities Trading Act (WpHG)

There were no disclosures pursuant to Section 21 and Section 25 of the German Securities Trading Act (WpHG) in fiscal 2008/2009.

The following disclosures were previously made pursuant to Section 21 and Section 25 of the German Securities Trading Act (WpHG). The following information serves as the basis for disclosures pursuant to Section 160, Subsection 1 (8) of the German Stock Corporation Act (AktG).

On 18 January 2007, TDS was informed of the following transactions in accordance with Section 21, Subsection 1, of the German Securities Trading Act (WpHG). These were then disclosed on 22 January 2007 in accordance with Section 25, Subsection 1 of the German Securities Trading Act (WpHG):

On 18 January 2007, Mayer, Brown, Rowe & Maw LLP legal practice in Frankfurt, Germany, issued the following disclosures pursuant to Section 21, Subsection 1 of the German Securities Trading Act (WpHG):

We hereby declare pursuant to Section 21, Subsection 1 of the German Securities Trading Act (WpHG), on behalf of and with the explicit authorisation of our client, Fujitsu Limited, Shiodome City Center, 1-5-2 Higashi-Shimbashi, Minatoku, Tokyo 105-7123, Japan, that its share of voting rights in TDS Informationstechnologie Aktiengesellschaft exceeded the 75, 50, 25, 10, and 5 per cent thresholds on 18 January 2007. Its holding is now 79.42 per cent. This corresponds to 23,263,951 votes. All voting rights are to be assigned to Fujitsu Limited pursuant to Section 22, Subsection 1, Sentence 1 (1) of the German Securities Trading Act (WpHG).

We hereby declare pursuant to Section 21, Subsection 1 and Section 24 of the German Securities Trading Act (WpHG), on behalf of and with the explicit authorisation of our client, that the share of voting rights of Fujitsu Services Holdings PLC, 22 Baker Street, London W1U 2BW, UK in TDS Informationstechnologie Aktiengesellschaft exceeded the 75, 50, 25, 10, and 5 per cent thresholds on 18 January 2007. Its holding is now 79.42 per cent. This corresponds to 23,263,951 votes. All voting rights are to be assigned to Fujitsu Services Holdings PLC pursuant to Section 22, Subsection 1, Sentence 1 (1) of the German Securities Trading Act (WpHG).

We hereby declare pursuant to Section 21, Subsection 1 and Section 24 of the German Securities Trading Act (WpHG), on behalf of and with the explicit authorisation of our client, that the share of voting rights of Fujitsu Services Overseas Holdings Limited, 22 Baker Street, London W1U 2BW, UK in TDS Informationstechnologie Aktiengesellschaft exceeded the 75, 50, 25, 10, and 5 per cent thresholds on 18 January 2007. Its holding is now 79.42 per cent. This corresponds to 23,263,951 votes.

Neckarsulm, January 2007

On 18 January 2007, TDS was informed of the following transactions in accordance with Section 21, Subsection 1, of the German Securities Trading Act (WpHG). These were then disclosed on 22 January 2007 in accordance with Section 25, Subsection 1 of the German Securities Trading Act (WpHG):

On 18 January 2007, General Atlantic GmbH, Düsseldorf, Germany, made the following disclosures in accordance with Section 21, Subsection 1 of the German Securities Trading Act (WpHG):

With regard to the complete sale of our shares in TDS Informationstechnologie AG, Neckarsulm, ISIN DE0005085609 (hereinafter ‘TDS’), we disclose the following:

1. We hereby declare pursuant to Section 21, Subsection 1, Sentence 1 of the German Securities Trading Act (WpHG), on behalf of and with the explicit authorisation of General Atlantic Partners (TERN), L.P., Clarendon House, Church Street, Hamilton, HM 11, Bermuda, that on 18 January 2007 its share of voting rights in TDS in accordance with Section 21, Subsection 1, Sentence 1 of the German Securities Trading Act (WpHG), and its share of voting rights in TDS assigned in accordance with Section 22, Subsection 2 of the German Securities Trading Act (WpHG) fell below the 50, 25, 10, and 5 per cent thresholds. Its holding is now 0 per cent.

2. We hereby declare pursuant to Section 21, Subsection 1, Sentence 1 of the German Securities Trading Act (WpHG), on behalf of and with the explicit authorisation of GAP-W International, LLC, c/o National Corporate Research, Ltd., 615 South Dupont Highway, Dover, Delaware 19901, USA, that on 18 January 2007 its share of voting rights in TDS according to Section 21, Subsection 1, Sentence 1 of the German Securities Trading Act (WpHG), and its share of voting rights in TDS assigned in accordance with Section 22, Subsection 2 of the German Securities Trading Act (WpHG) fell below the 50, 25, 10, and 5 per cent thresholds. Its holding is now 0 per cent.

3. We hereby declare pursuant to Section 21, Subsection 1, Sentence 1 of the German Securities Trading Act (WpHG), on behalf of and with the explicit authorisation of GAP (Bermuda) Ltd, Clarendon House, Church Street, Hamilton, HM 11, Bermuda, that on18 January 2007 its share of voting rights in TDS assigned according to Section 22, Subsection 1, Sentence 1 (1) and Section 22, Subsection 1, Sentence 1(1) of the German Securities Trading Act (WpHG) in conjunction with Section 22, Subsection 2 of the German Securities Trading Act (WpHG) fell below the 50, 25, 10, and 5 per cent thresholds. Its holding is now 0 per cent.

4. We hereby declare pursuant to Section 21, Subsection 1, Sentence 1 of the German Securities Trading Act (WpHG), on behalf of and with the explicit authorisation of GAP 1 SARL, 3, Boulevard Royal, 2449 Luxembourg, Luxembourg, that on 18 January 2007 its share of voting rights in TDS assigned according to Section 22, Subsection 1, Sentence 1(1) in conjunction with Section 22, Subsection 1, Sentence 2 and Section 22, Subsection 2 of the German Securities Trading Act (WpHG) in conjunction with Section 22, Subsection 2 of the German Securities Trading Act (WpHG) fell below the 50, 25, 10, and 5 per cent thresholds. Its holding is now 0 per cent.

5. We hereby declare pursuant to Section 21, Subsection 1, Sentence 1 of the German Securities Trading Act (WpHG), on behalf of and with the explicit authorisation of GAP 2 SARL, 3, Boulevard Royal, 2449 Luxembourg, Luxembourg, that on 18 January 2007 its share of voting rights in TDS assigned according to Section 22, Subsection 1, Sentence 1(1) in conjunction with Section 22, Subsection 1, Sentence 2 and Section 22, Subsection 2 of the German Securities Trading Act (WpHG) in conjunction with Section 22, Subsection 2 of the German Securities Trading Act (WpHG) fell below the 50, 25, 10, and 5 per cent thresholds. Its holding is now 0 per cent.

6. We hereby declare pursuant to Section 21, Subsection 1, Sentence 1 of the German Securities Trading Act (WpHG), on behalf of and with the explicit authorisation of GAP 3 SARL, 3, Boulevard Royal, 2449 Luxembourg, Luxembourg, that on 18 January 2007 its share of voting rights in TDS assigned according to Section 22, Subsection 1, Sentence 1(1) in conjunction with Section 22, Subsection 1, Sentence 2 and Section 22, Subsection 2 of the German Securities Trading Act (WpHG) in conjunction with Section 22, Subsection 2 of the German Securities Trading Act (WpHG) fell below the 50, 25, 10, and 5 per cent thresholds. Its holding is now 0 per cent.

7. We hereby declare pursuant to Section 21, Subsection 1, Sentence 1 of the German Securities Trading Act (WpHG), on behalf of and with the explicit authorisation of GAP-W International SARL, 3, Boulevard Royal, L-2449, Luxembourg, Luxembourg, that on 18 January 2007 its share of voting rights in TDS assigned according to Section 22, Subsection 1, Sentence 1 (1) and Section 22, Subsection 2 of the German Securities Trading Act (WpHG) fell below the 50, 25, 10, and 5 per cent thresholds. Its holding is now 0 per cent.

8. We hereby declare pursuant to Section 21, Subsection 1, Sentence 1 of the German Securities Trading Act (WpHG), on behalf of and with the explicit authorisation of Woodbridge International Holdings S.A., 3, Boulevard Royal, L-2449 Luxembourg, Luxembourg, that on 18 January 2007 its share of voting rights in TDS assigned according to Section 22, Subsection 1, Sentence 1(1) in conjunction with Section 22, Subsection 1, Sentence 2 and Section 22, Subsection 2 of the German Securities Trading Act (WpHG) in conjunction with Section 22, Subsection 2 of the German Securities Trading Act (WpHG) fell below the 50, 25, 10, and 5 per cent thresholds. Its holding is now 0 per cent.

9. We hereby declare pursuant to Section 21, Subsection 1, Sentence 1 of the German Securities Trading Act (WpHG), on behalf of and with the explicit authorisation of WISHA Holdings S.A., 3, Boulevard Royal, L-2449 Luxembourg, Luxembourg, that on 18 January 2007 its share of voting rights in TDS assigned according to Section 22, Subsection 1, Sentence 1(1) in conjunction with Section 22, Subsection 1, Sentence 2 and Section 22, Subsection 2 of the German Securities Trading Act (WpHG) and Section 22, Subsection 2 of the German Securities Trading Act (WpHG) fell below the 50, 25, 10, and 5 per cent thresholds. Its holding is now 0 per cent.

10. We hereby declare pursuant to Section 21, Subsection 1, Sentence 1 of the German Securities Trading Act (WpHG), on behalf of and with the explicit authorisation of Woodbridge International Holdings Limited, 65 Queen Street West, Suite 2400, Toronto, Ontario, Canada M5H 2M8, that on 18 January 2007 its share of voting rights in TDS assigned according to Section 22, Subsection 1, Sentence 1 (1) in conjunction with Section 22, Subsection 1, Sentence 2 and Section 22, Subsection 2 of the German Securities Trading Act (WpHG) fell below the 50, 25, 10, and 5 per cent thresholds. Its holding is now 0 per cent.

11. We hereby declare pursuant to Section 21, Subsection 1, Sentence 1 of the German Securities Trading Act (WpHG), on behalf of and with the explicit authorisation of The Woodbridge Company Limited, 65 Queen Street West, Suite 2400, Toronto, Ontario, Canada M5H 2M8, that on 18 January 2007 its share of voting rights in TDS assigned according to Section 22, Subsection 1, Sentence 1 (1) in conjunction with Section 22, Subsection 1, Sentence 2 and Section 22, Subsection 2 of the German Securities Trading Act (WpHG) fell below the 50, 25, 10, and 5 per cent thresholds. Its holding is now 0 per cent.

12. We hereby declare pursuant to Section 21, Subsection 1, Sentence 1 of the German Securities Trading Act (WpHG), on behalf of and with the explicit authorisation of Mr. Peter L. Bloom, Mr. Peter Currie, Mr. Steven A. Denning, Mr. Mark F. Dzialga, Mr. Erik Engstrom, Dr. Klaus Esser, Mr. William E. Ford, Mr. William O. Grabe, Mr. David C. Hodgson, Mr. Braden R. Kelly, Mr. René M. Kern, Mr. William J. Lansing, Mr. Matthew Nimetz, Mr. Clifton S. Robbins, Mr. Franchon M. Smithson, Mr. Tom C. Tinsley, Mr. Florian Wendelstadt and Mr. John Wong, that on 18 January 2007 its share of voting rights in TDS assigned according to Section 22, Subsection 1, Sentence 1 (1) in conjunction with Section 22, Subsection 1, Sentence 2 of the German Securities Trading Act (WpHG) fell below the 50, 25, 10, and 5 per cent thresholds. Its holding is now 0 per cent. The address of Mr. Peter L. Bloom, Mr. Steven A. Denning, Mr. Mark F. Dzialga, Mr. Erik Engstrom, Mr. William E. Ford, Mr. William O. Grabe, Mr. David C. Hodgson, Mr. René M. Kern, Mr. Matthew Nimetz, Mr. Clifton S. Robbins, Mr. Franchon M. Smithson and Mr. Tom C. Tinsley is c/o General Atlantic Service Corporation, 3 Pickwick Plaza, Greenwich, Connecticut 06830, US. The address of Dr. Klaus Esser is c/o General Atlantic Partners GmbH, Königsallee 62, 40212 Düsseldorf, Germany. The address of Mr. Florian Wendelstadt is c/o General Atlantic Partners Limited, 83 Pall Mall, Sixth Floor, London SW1Y 5ES, UK. The address of Mr. Peter Currie, Mr. Braden R. Kelly and Mr. William J. Lansing is c/o General Atlantic Service Corporation, 228 Hamilton Avenue, Palo Alto, California 94301, US. The address of Mr. John Wong is c/o General Atlantic Service Corporation, 24 Raffles Place, 29-04 Clifford Center, Singapore 048621.

Neckarsulm, January 2007

On 9 March 2007, TDS was informed of the following transactions in accordance with Section 21, Section 22 and Section 24 of the German Securities Trading Act (WpHG). These were then disclosed in accordance with Section 26, Subsection 1 of the German Securities Trading Act (WpHG) on 9 March 2007:

On 9 March 2007, Mayer, Brown, Rowe & Maw LLP legal practice in Frankfurt, Germany, issued the following disclosures pursuant to Section 21, Section 22 and Section 24 of the German Securities Trading Act (WpHG):

In addition to the disclosure of 18 January 2007 on the voting rights of Fujitsu Limited in accordance with Section 21, Section 22 and Section 24 of the German Securities Trading Act (WpHG), regarding the share of voting rights in TDS Informationstechnologie Aktiengesellschaft, Konrad-Zuse-Strasse 16, 74172 Neckarsulm, Germany (TDS AG), we hereby disclose the following on behalf of and with the explicit authorisation of our client, Fujitsu Limited, Shiodome City Center, 1,5,2 Higashi-Shimbashi, Minatoku, Tokyo 105-7123, Japan:

Since 18 January 2007, a further 56,214 shares, equivalent to 0.19 per cent of voting rights, have been assigned to Fujitsu Limited, Fujitsu Services Holdings PLC, 22 Baker Street, London W1U 2BW, UK and Fujitsu Services Overseas Holdings Limited, 22 Baker Street, London W1U 2BW, UK, respectively, pursuant to Section 22 Subsection 1 (1) of the German Securities Trading Act (WpHG). However, in accordance with Section 71b of the German Stock Corporation Act (AktG), voting rights from these 56,214 TDS AG treasury shares cannot be exercised.

As a result, the total share of voting rights of Fujitsu Limited, Fujitsu Services Holdings PLC and Fujitsu Services Overseas Holdings Limited in TDS AG is 79.61 per cent (23,320,165 shares) for each company. However, in accordance with Section 71b of the German Stock Corporation Act (AktG), 0.19 per cent of these voting rights cannot be exercised.

Of the total share of voting rights (79.61 per cent), 0.19 per cent of voting rights (56,214 shares) are assigned to Fujitsu Services Overseas Holdings Limited in accordance with Section 22, Subsection 1 (1) of the German Securities Trading Act (WpHG), namely the treasury shares of TDS AG, whose voting rights cannot be exercised in accordance with Section 71b of the German Stock Corporation Act (AktG).

All 79.61 per cent of voting rights (23,320,165 shares) are assigned to Fujitsu Services Holdings PLC in accordance with Section 22, Subsection 1 (1) of the German Securities Trading Act (WpHG). This share comprises 79.42 per cent of voting rights (23,263,951 shares) via Fujitsu Services Overseas Holdings Limited, which directly holds 79.42 per cent of voting rights (23,263,951 shares) in TDS AG, and 0.19 per cent (56,214 shares) via Fujitsu Services Overseas Holdings Limited and TDS AG, which has treasury shares in this amount.

All 79.61 per cent of voting rights (23,320,165 shares) are assigned to Fujitsu Limited in accordance with Section 22, Subsection 1 (1) of the German Securities Trading Act (WpHG). This share comprises 79.42 per cent of voting rights (23,263,951 shares) via Fujitsu Services Holdings PLC and Fujitsu Services Overseas Holdings Limited, which directly holds 79.42 per cent of voting rights (23,263,951 shares) in TDS AG, and 0.19 per cent (56,214 shares) via Fujitsu Services Holdings PLC, Fujitsu Services Overseas Holdings PLC and TDS AG, which has treasury shares in this amount.

Neckarsulm, March 2007

On 20 July 2007, TDS was informed of the following transactions in accordance with Section 21 of the German Securities Trading Act (WpHG). These were then disclosed in accordance with Section 26, Subsection 1 of the German Securities Trading Act (WpHG) on 20 July 2007:

“On 20 July 2007, Deutsche Balaton Aktiengesellschaft, headquartered in Heidelberg, Germany, issued the following disclosures:

Disclosure of voting rights pursuant to Section 21 of the German Securities Trading Act (WpHG), on behalf of:
1. Deutsche Balaton Aktiengesellschaft, Ziegelhäuser Landstrasse 1, 69120 Heidelberg, Germany
2. VV Beteiligungen AG, Ziegelhäuser Landstrasse 1, 69120 Heidelberg, Germany

3. DELPHI Unternehmensberatung GmbH, Ziegelhäuser Landstrasse 1, 69120 Heidelberg, Germany
4. Mr. Wilhelm Konrad Thomas Zours, Werrgasse 9, 69120 Heidelberg, Germany

Company issuing shares:
TDS Informationstechnologie AG, Konrad-Zuse-Strasse 16, 74172 Neckarsulm, Germany

We hereby disclose the following on behalf of and, in the cases of 2 to 4, with the explicit authorisation of these entities (a copy of each authorisation is attached), pursuant to Section 21, Subsection 1 of the German Securities Trading Act (WpHG):

1. The share of voting rights of Deutsche Balaton Aktiengesellschaft in TDS Informationstechnologie AG exceeded the 5 per cent threshold on 19 July 2007. Its holding is now 6.2150 per cent (1,820,429 voting rights). Of this share of voting rights, 1.3956 per cent (408,775 voting rights) is assigned to Deutsche Balaton Aktiengesellschaft in accordance with Section 22, Subsection 1, Sentence 1 (1) of the German Securities Trading Act (WpHG).

2. The share of voting rights of VV Beteiligungen AG in TDS Informationstechnologie AG exceeded the 5 per cent threshold on 19 July 2007. Its holding is now 6.2150 per cent (1,820,429 voting rights). These voting rights are assigned to VV Beteiligungen AG in full, in accordance with Section 22, Subsection 1, Sentence 1 (1) of the German Securities Trading Act (WpHG). Of the total voting rights assigned to VV Beteiligungen AG pursuant to Section 22, Subsection 1, Sentence 1 (1) of the German Securities Trading Act (WpHG), 4.8194 per cent (1,411,654 voting rights) is held by the following company, which is controlled by VV Beteiligungen AG and has a share of voting rights in TDS Informationstechnologie AG of 3 per cent or more:
- Deutsche Balaton Aktiengesellschaft

3. The share of voting rights of DELPHI Unternehmensberatung GmbH in TDS Informationstechnologie AG exceeded the 5 per cent threshold on 19 July 2007. Its holding is now 6.2150 per cent (1,820,429 voting rights). These voting rights are assigned to DELPHI Unternehmensberatung GmbH in full, in accordance with Section 22, Subsection 1, Sentence 1 (1) of the German Securities Trading Act (WpHG). Of the total voting rights assigned to DELPHI Unternehmensberatung GmbH pursuant to Section 22, Subsection 1, Sentence 1 (1) of the German Securities Trading Act (WpHG), 4.8194 per cent (1,411,654 voting rights) are held by the following companies, which are controlled by DELPHI Unternehmensberatung GmbH (starting with the lowest-level company) and each have a share of voting rights in TDS Informationstechnologie AG of 3 per cent or more:
- Deutsche Balaton Aktiengesellschaft
- VV Beteiligungen AG

4. The share of voting rights of Mr. Wilhelm Konrad Thomas Zours in TDS Informationstechnologie AG exceeded the 5 per cent threshold on 19 July 2007. Its holding is now 6.2150 per cent (1,820,429 voting rights). These voting rights are assigned to Mr. Wilhelm Konrad Thomas Zours in full, in accordance with Section 22, Subsection 1, Sentence 1 (1) of the German Securities Trading Act (WpHG). Of the total voting rights assigned to Mr. Wilhelm Konrad Thomas Zours pursuant to Section 22, Subsection 1, Sentence 1 (1) of the German Securities Trading Act (WpHG), 4.8194 per cent (1,411,654 voting rights) are held by the following companies under his control (starting with the lowest-level company), whose share of voting rights in TDS Informationstechnologie AG each total 3 per cent or more:
- Deutsche Balaton Aktiengesellschaft
- VV Beteiligungen AG
- DELPHI Unternehmensberatung GmbH

Sincerely,
Jürgen Dickemann
Executive Board, Deutsche Balaton Aktiengesellschaft

43 Events after the balance-sheet date

There were no transactions of particular significance that may negatively impact the Company’s assets, financial position, or earnings.

44 Other information

The following auditors’ fees were posted in fiscal 2008/2009:

	31.03.2009 € thousands	31.03.2008 € thousands
Audit of year-end financial statements	229	129
Tax consulting services	198	66
Other valuation, analysis and certification activities	0	0
Other services	18	0
	445	**195**

45 Further relevant information concerning the Executive and Supervisory Board

Compensation
The total compensation package for members of the TDS AG Executive Board was €877 thousand in fiscal 2008/2009 (€288 thousand in the short fiscal year 2008), including a fixed-rate component of €283 thousand (€88 thousand in the short fiscal year 2008) and a performance-related component of €307 thousand (€200 thousand in the short fiscal year 2008), as well as a one-off payment in the amount of €287 thousand owing to the departure of Winfried Holz.

Supervisory Board compensation totalled €125 thousand (€34 thousand in the short fiscal year 2008).

Executive Board compensation broke down as follows for individual members:

Name	Fixed-rate	Performance-related	One-off payment	Total
	€ thousands	€ thousands	€ thousands	€ thousands
Dr. Heiner Diefenbach	218	298	0	516
Winfried Holz (until 31 August 2008)	54	0	287	341
Konrad Meier (from 13 March 2009)	11	9	0	20
Total	**283**	**307**	**287**	**877**

Supervisory Board compensation broke down as follows for individual members:

Name	Fixed-rate	Performance-related	Meeting attendance fee	Total
	€ thousands	€ thousands	€ thousands	€ thousands
Yves Le Gélard (Chairman)	14	29	5	48
Andrew MacNaughton	13	28	6	47
Jason Paul Nield	2	4	2	8
Dr. Klaus-Dieter Rose	6	12	4	22
Total	**35**	**73**	**17**	**125**

At 31 March 2009, there were no outstanding advance payments or loans to members of the TDS AG Executive Board or Supervisory Board.

Disclosures pursuant to Sections 21 and 25 of the German Securities Trading Act (WpHG) for fiscal 2008/2009 are given in note 42 “Disclosures according to Section 25 (1) of the German Securities Trading Act (WpHG)”.

Director’s Dealings
In fiscal 2008/2009, no transactions by directors of the Company required disclosure pursuant to Section 15a of the German Securities Trading Act (WpHG):

Shareholdings
At 31 March 2009 Executive Board members held no shares in the Company (0 shares at 31 March 2008).

Pension obligations
A total of €1,211 thousand (€1,150 thousand in the short fiscal year 2008) was set aside to fulfil pension obligations for former members of the Executive Board and their dependents.

Share-based payment
In fiscal 2008/2009 — as in the short fiscal year 2008 — there was no share-based payment.

At 31 March 2008, former Executive Board member Ralf Klemisch held 25,000 subscription rights to shares from the 2004 tranche. These rights expired in November 2008.

46 Publication date for the financial statements

On 14 May 2009, the Executive Board approved publication of the financial statements for the fiscal year ending 31 March 2009.

Neckarsulm, Germany, 14 May 2009

The Executive Board

Dr. Heiner Diefenbach

Konrad Meier

SCHEDULE OF CONSOLIDATED ASSETS

	Cost of acquisition/manufacture						
	1 April 2008	Currency translation effect	Change in consolidation	Additions	Changes	Disposals	31 March 2009
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Intangible assets							
Concessions, intellectual property and similar rights and assets and licenses to such rights and assets	26,410	42	510	2,325	0	116	29,171
Software developed in-house, including software in development	7,752	3	0	1,250	0	2,430	6,575
Rented software	3,025	0	0	135	0	651	2,509
Goodwill	49,199	0	0	0	0	0	49,199
	86,386	**45**	**510**	**3,710**	**0**	**3,197**	**87,454**
Property, plant and equipment							
Leasehold buildings	2,154	0	0	301	0	9	2,446
Computer and similar equipment	36,198	11	0	4,738	71	4,015	37,003
Leased computer equipment, office equipment, etc.	14,321	0	0	2,847	-12	1,892	15,264
Other computer equipment, office equipment, etc.	9,294	0	12	1,282	0	295	10,293
Downpayments, plant and equipment under construction	95	0	0	155	-59		191
	62,062	**11**	**12**	**9,323**	**0**	**6,211**	**65,197**
Investment property	**2,491**	**0**	**0**	**0**	**0**	**0**	**2,491**
Financial assets (investments in other companies and lendings)							
Investments in associated companies	626	0	-199	0	0	427	0
Investments	1,141	0	0	26	0	0	1,167
Lendings to associated companies	77	0	0	0	0	0	77
Securities	16	0	0	0	0	0	16
Other lendings	734	0	0	0	0	0	734
	2,594	**0**	**-199**	**26**	**0**	**427**	**1,994**
	153,533	**56**	**323**	**13,059**	**0**	**9,835**	**157,136**

Amortisation and depreciation							Book values	
1 April 2008	Currency translation effect	Current fiscal year	Write-ups	Changes	Disposals	31 March 2009	31 March 2009	31 March 2008
€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
17,346	1	2,342	0	0	99	19,590	9,581	9,064
3,719	-4	747	0	0	1,043	3,419	3,156	4,033
1,882	0	389	0	0	562	1,709	800	1,143
17,901	0	0	0	0	0	17,901	31,298	31,298
40,848	**-3**	**3,478**	**0**	**0**	**1,704**	**42,619**	**44,835**	**45,538**
1,136	0	131	0	0	6	1,261	1,185	1,018
31,103	38	2,757	0	0	3,652	30,246	6,757	5,095
7,220	0	3,574	0	0	1,877	8,917	6,347	7,101
7,926	0	888	0	0	276	8,538	1,755	1,368
0	0	0	0	0	0	0	191	95
47,385	**38**	**7,350**	**0**	**0**	**5,811**	**48,962**	**16,235**	**14,677**
1,647	**0**	**27**	**0**	**0**	**0**	**1,674**	**817**	**844**
0	0	0	0	0	0	0	0	626
1,093	0	0	0	0	0	1,093	74	48
77	0	0	0	0	0	77	0	0
4	0	0	0	0	0	4	12	12
734	0	0	0	0	0	734	0	0
1,908	**0**	**0**	**0**	**0**	**0**	**1,908**	**86**	**686**
91,788	**35**	**10,855**	**0**	**0**	**7,515**	**95,163**	**61,973**	**61,745**

TDS INFORMATIONSTECHNOLOGIE AG SUBSIDIARIES AND HOLDINGS AT 31 MARCH 2009

	Holding in per cent	Shareholders' equity at 31 March 2009 € thousands	Net income at 31 March 2009 € thousands	
1. Consolidated companies				
Germany				
TDS HR Services & Solutions GmbH, Neckarsulm, Germany	100 %	3,715	0	2)
TDS IT Consulting GmbH, Neckarsulm, Germany	100 %	427	0	2)
ROSEA Trendpark Objektverwaltungsgesellschaft mbH & Co. KG, Neckarsulm, Germany	100 %	397	43	3)
Outside Germany				
effect Personalmanagement GmbH, Pasching, Austria	100 %	327	281	1)
TDS MultiVision AG, Regensdorf, Switzerland	100 %	-1,542	-131	
TDS Systemhouse plc., Chesterfield, UK	100 %	-275	7	
2. Affiliated companies valuated at cost				
BFL Gesellschaft des Bürofachhandels mbH & Co. KG, Eschborn, Germany	0.32 %	13,847	3,481	4)
ROSEA Trendpark Objektverwaltung Beteiligungs-GmbH, Neckarsulm, Germany	100 %	51	2	3)
RATIODATA Rechenzentrum AG, Oberengstringen, Switzerland	100 %	0	0	1), 6)
Villa Rosa gGmbH, Heilbronn, Germany	30 %	87	28	3)
VisionOne Consulting AG, Neuss, Germany	8.55 %	934	-445	5)

1) Indirect holding
2) Zero earnings due to a profit-transfer agreement
3) At 31 December 2008
4) At 31 December 2007
5) Company is insolvent, last financial statements compiled at 31 December 2003
6) Company in liquidation

INDEPENDENT AUDITORS' REPORT

We certified this document without qualification as follows:

Independent auditors' report

We have audited the consolidated financial statements prepared by TDS Informationstechnologie Aktiengesellschaft, Neckarsulm, consisting of the balance sheet, income statement, reconciliation of shareholders' equity, statement of cash flows and the notes thereto, and also the management report for the fiscal year 1 April 2008 to 31 March 2009. Preparation of the consolidated financial statements and management report in line with International Financial Reporting Standards (IFRS), as they are applied in the EU, and in line with the supplementary provisions of Section 315 a, Subsection 1 of the German Commercial Code (HGB), is the responsibility of the Company's Executive Board. Our role is to express an opinion on the consolidated financial statements and the management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code (HGB) and German generally accepted auditing standards promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the audits to identify any inaccuracies or irregularities that have a material effect on the presentation of assets, financial status or profitability in the consolidated financial statements in line with the accounting standards used, and in the management report. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit comprises a review of the financial statements of companies included in the consolidated financial statements, of the scope of consolidation, of accounting and consolidation principles, and of significant estimates made by management, as well as an evaluation of the overall presentation of the financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

Based on the findings of our audit, we believe that the consolidated financial statements comply fully with IFRS, as they are applied in the EU, that they comply with the supplementary provisions of Section 315 a, Subsection 1 of the German Commercial Code (HGB), and that they are a true reflection of the assets, financial status and profitability of the Group, in line with these standards. The management report is consistent with the consolidated financial statements, provides a true picture of the Group's status, and correctly presents opportunities and risks of future development.

Mannheim, Germany, 14. Mai 2009

KPMG AG
Wirtschaftsprüfungsgesellschaft

(vormals
KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft)

Kern
Auditor

Herbel
Auditor

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the consolidated financial statements using applicable accounting standards give a realistic presentation of the assets, financial situation and earnings of the Company, provides a true picture of business development, including profitability and the Group's status, and describes the material risks and opportunities associated with development of the Group during the remainder of the fiscal year.

Neckarsulm, Germany, 14 May 2009

Dr. Heiner Diefenbach

Konrad Meier

FINANCIAL CALENDAR

2009/2010 Financial calendar

13 August 2009	Publication of report on first quarter of 2009/2010
8 October 2009	Annual shareholders' meeting for fiscal 2008/2009
12 November 2009	Publication of six-month interim report for 2009/2010
11 February 2010	Publication of report on third quarter of 2009/2010

ABOUT THIS PUBLICATION

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