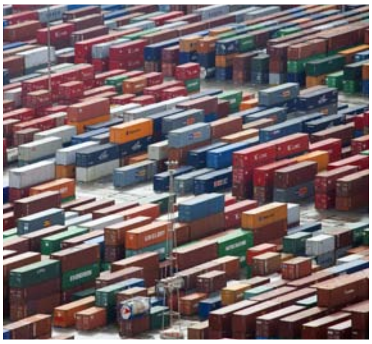
nextevolution consulting group

2008 fiscal year











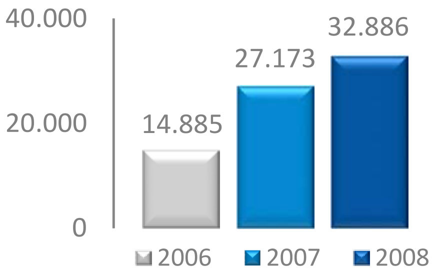
Synergies add value

Successful synergies are created if companies ideally complement one another. nextevolution generates added value by combining technical know-how in the dedicated sectors with skills associated with Content Management and portals. As a result, we as a corporate association are perfectly capable of supporting our customers within our range of performances.

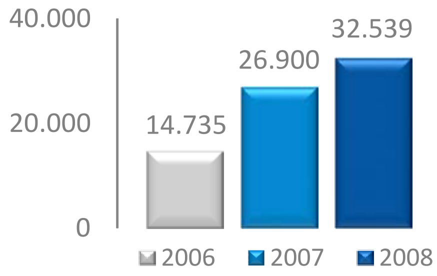
Financial data at a glance

Balance sheet key data in comparison to multiple years

Development total operating performance
2006 —2008 (in TEUR)

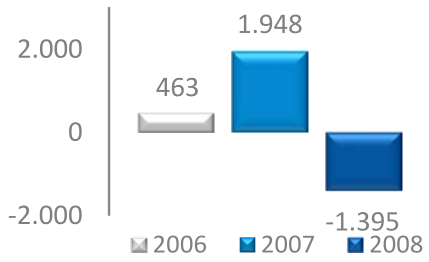


Development sales
2006 —2008 (in TEUR)

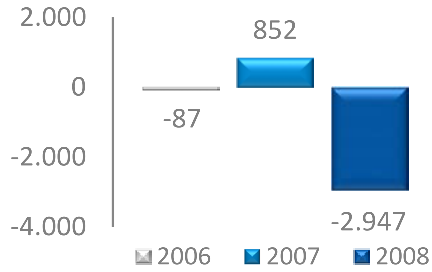


Key figures for profit and loss in comparison to multiple years

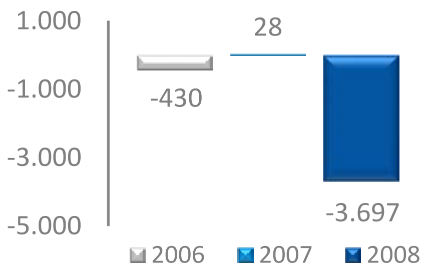
Development EBITDA
2006 —2008 (in TEUR)



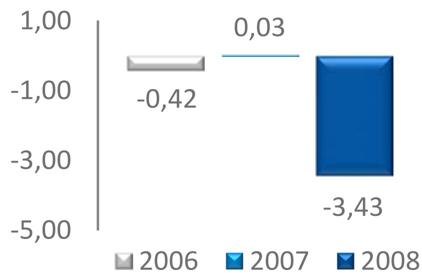
Development EBIT
2006 —2008 (in TEUR)



Development annual surplus
after minority interests
2006 —2008 (in TEUR)



Development profit per share
undiluted
2006 —2008 (in EUR)



Overview financial key numbers

Balance sheet key figures	**31.12.2008**	31.12.2007	Changes		31.12.2006
	TEUR	TEUR	TEUR	%	TEUR
Total assets	16,310	21,482	-5,172	-24	9,188
Equity	3,343	6,717	-3,411	-50	5,499
Liabilities	10,886	13,815	-2,929	-21	3,689
Equity ratio	20.5%	31.3%	-10.8%	-35	59.9%
Liquid means	572	536	36	7	2,031

Cash flow key figures	**31.12.2008**	31.12.2007	Changes		31.12.2006
	TEUR	TEUR	TEUR	%	TEUR
Cash flow	36	-1,495	1,531	n.a.	1,898
Cash flow from continuing business activities	41	-289	329	n.a.	-2.177
Cash flow from investment activities	-1,016	-3,312	2,297	n.a.	-1.331
Cash flow from financing activities	1,011	2,106	-1,095	-52	5,406

Statement of income key figures	**31.12.2008**	31.12.2007	Changes		31.12.2006
	TEUR	TEUR	TEUR	%	TEUR
Overall performance*	32,886	27,173	5,713	21	14,885
Sales	32,539	26,900	5,639	21	14,735
Gross profit	22,912	19,038	3,874	20	9,257
EBITDA	-1,395	1,948	-3,343	n.a.	463
EBIT	-2,947	852	-3,799	n.a.	-87
Financial result	-268	-91	-177	n.a.	-10
EBT	-3,215	761	-3,976	n.a.	-97
group's annual surplus according to minority interests	-3,697	28	-3,762	n.a.	-430
result per share (undiluted)	-3,43 EUR	0,03 EUR	-3,46 EUR	n.a.	-0,42 EUR

*turnover incl. changes in inventory and other own work capitalized

Additional key figures	**31.12.2008**	31.12.2007	Changes		31.12.2006
				%	
Permanent employees	235	217	18	7%	82

Share key figures

Share capital	1.077.869 EUR
Amount if shares	1,077,869
Share price on 2.1.2008 (first day of trading)	9,14 EUR
Share price on 30.12.2008 (last day of trading)	6,80 EUR
Market capitalization on 28.12.2008	7.329.509 EUR
Segment	Prime Standard
ISIN	DE000AOJCOA2
Security Code Number	AOJCOA
Symbol	N5E.ETR

Real estate industry

Business solutions for better employee efficiency and enhanced decision making capabilities in the real estate industry.

Within the nextevolution group, CEO AG is specializing in providing industry-specific consulting and solution services for the real estate industry. With the industrial focus based on the key performances “Web-portal based Business Solutions“ as well as “Content Management Solutions“, the group developed business solutions for customer and business content management involving the property and the tenant/customer.
Business Content Solutions for the purchasing and invoice handling process are rounding off the product range. The business solutions are complementary to the SAP application software (ERP) and offer companies in the real estate industry the opportunity to act faster with respect to their business relationships, work more productively and be more efficient overall.

Content

The management board of nextevolution AG

- Peter Ohl (1957), chief executive officer, industrial engineering graduate

Peter Ohl has many years of experience in the IT industry. In his function as chief executive officer of nextevolution AG, his main responsibilities include the strategic development, the sales area as well as the positioning of the generic ECM segment of the nextevolution company group.
In the past, Peter Ohl held management and board member positions in well-known internationally active IT and software company groups.

- Nils Manegold (1971), chief financial officer, economics graduate

Nils Manegold is chief financial officer of nextevolution AG. His responsibilities also include the capital market communication as well as the merger and acquisition activities of the company group. In addition, he is a member of the management boards of BGS AG which is focusing on the public sector as well as CEO AG focusing on the real estate industry. Prior to becoming chief financial officer of nextevolution AG, he held various management positions in the fields of investment controlling, group accounting and alternative investments in well-known companies. In his previous position, Nils Manegold was chief financial officer of the IT subsidiary of a major German business group.

The supervisory board of nextevolution AG

- Franz-Josef Lhomme, chair
- Sven Lemiss, assistant chair
- Hans-Jürgen Beck (until Jan. 31, 2009)
- Sascha Magsamen (starting from Feb. 01, 2009)

Foreword from the management board

Dear shareholders, dear employees,
dear clients, ladies and gentlemen,

The year 2008 posed new challenges for the global economy. The limited inter-banking trade and the restrictive granting of credits arising from the financial crisis resulted in increasingly difficult refinancing options for companies and had a progressively negative effect on the economic development.
To stabilize the German financial system, the federal government responded at the end of 2008 by establishing the special fund for the financial market stabilization (SoFFin), designed to overcome liquidity bottlenecks and to strengthen the equity capital base of financial companies. In addition, the federal government launched economic stimulus packages designed to counter the gloomy economic situation.
In spite of national interventions, the forecasts from economic experts concerning the economic outlook were and are continuously adjusted downward —it appears that the bottom of the economic downturn has not yet been reached. As well, the majority of companies were forced to distance themselves from their forecasts made for 2008, and to communicate the outlook for 2009 in a significantly more cautious manner.

Although the economic crisis resulted to some extent in severe declines in sales across the industries and to uncertainties for future plans and was associated with a change of the macro-economical environment, we were once again able to generate a double digit growth in sales. With our strong IT-related expertise, superior consulting skills and advanced thematic interconnection and consolidation of our range of performances, we were able to outbid a multitude of competitors with respect to tendered IT projects, acquire new customers and qualify ourselves for further projects carried out for existing customers. In addition, nextevolution benefitted from the demand for IT optimization, implemented by commercial enterprises and the public sector to increase their efficiency. Although we did not succeed in achieving our ambitious sales targets by pursuing our three performance priorities "Content management solutions", "Web-portal based business solutions" and "Enterprise infrastructure solutions", we are nevertheless satisfied against the backdrop of the tense economic situation. Thanks to the increasing interconnection and the strategic further development of our performance range which was well accepted by the market during the 2008 fiscal year, we remain optimistic with respect to the current fiscal year 2009. Our product range includes innovative user solutions, products and services addressing the main needs of our target audience and offering a many benefits for our customers.

The market acceptance of our service portfolio is demonstrated by the continuously increasing number of IT projects and the diversification of our customer base. In addition to the expansion of the business volume with medium-size companies and the public sector, we were able increasingly acquire large corporations and company, such as Deutsche Post AG or ADAC Allgemeiner Deutscher Automobilclub e.V. Furthermore, our industry-specific know-how in the real estate and media management business supported the operational development of nextevolution AG and strengthened our market position in the IT consulting and solutions area. Due to our comprehensive know-how in Content Management and in-depth knowledge of the industry specifics, we acquired a competitive edge, which facilitates our access to new customers. In the field of "real estate business", we acquired for example Deutsche Annington AG, which is one of the leading housing companies in Germany, serving approximately 220,000 administrated and rented apartments. In the area of "media management", we were able to acquire the broadcasting stations Bayerischer Rundfunk, ProSieben/Sat.1, DSF Deutsches Sportfernsehen, and RTL 2 as new customers.

The focus on storage and server solutions in the "Enterprise infrastructure solutions" field with the main topics consolidation and virtualization was equally successful. The achieved expertise in providing solutions which perfectly complements our performance focus on "content management solutions" allows us to provide our customers with comprehensive advice and support. The sales team successfully established since May 2008 was able to acquire a number of new customers and to generate a positive result in the first year, in spite of launching costs.

Moreover, we were able to continue with the development of own application software solutions. In this respect, we developed both intersectoral solutions such as application solutions for human resources, contract and accounting management as well as sectoral solutions such as the "electronic judicial file". The applications are complementary to the standard software platform of the leading manufacturers SAP and IBM (FileNet); within the context of supplementary services, they open up new growth perspectives for us with respect to consulting for system integration as well as application management.

The strategic expansion of our range of solutions and performances lead to the growth of the business volume, again associated with an increase in the sales revenue. nextevolution increased the corporate turnover to 32,539.10 thousand Euros, thus exceeding the reference figure of 2007 by 5,639.10 thousand Euros. However, the EBITDA fell short of the development achieved in the previous year. To make allowance for the current market situation and to be able to provide our shareholders with an overview of the profit situation that is as accurate as possible, we were forced to introduce profit-reducing measures within the scope of the risk prevention and the balancing of the accounts in line with the economic framework conditions. Correspondingly, some receivables were written off, the value of reserves adjusted and additional risks which may be expected due to the economic crisis added. These negative effects on earnings are the reason why the result falls short of the expectations. Because our earnings are essentially dependant on the sales, our goal for 2009 must be to expand the sales. We intend to achieve this by increasing the corporate activities, while at the same time further optimizing the costs to achieve a satisfactory earnings situation.

Even though the economic situation also affected our bottom line, nextevolution disposes of an excellent market position and good perspectives for future growth. This in turn raised the interest in our company on the part of institutional investors, resulting in the majority participation of an investor. With the participation of the White Holding Company which acquired 60.3 percent of nextevolution AG shares from the existing circle of shareholders by the end of 2008, the shareholder structure changed significantly by the end of the fiscal year. According to its own statement, the White Holding Company pursues the long-term support of nextevolution AG. The new major shareholder is not ruling out the investment of further financial means for this purpose. In addition, the future development of nextevolution AG is supported with the introduction of know-how and network contacts. Correspondingly, the White Holding Company is seen by nextevolution AG as a financially sound shareholder willing to expand, thus providing the company with excellent development options irrespective of the capital market environment.

Based on the investment amount of 60.3% on Dec. 31, 2008, the White Holding Company issued a voluntary purchase offer to the shareholders of nextevolution AG on February 9, 2009. In this offer, the shareholders were offered the sale of nextevolution shares to the White Holding Company at a rate of 7.00 Euros per share until March 9, 2009. The offer was used by a large number of shareholders and the participation of the White Holding Company rose from 60.3 to 81.02 percent of shares by the end of the offer deadline.

Within the scope of the streamlining of our corporate structure, we sold our 51% participation in net on Netzwerktechnologien Online GmbH on February 28, 2009, with retroactive effect on January 1, 2009. The participation was not part of the main business segments of nextevolution AG and was acquired from an investment company domiciled in Kronberg / Taunus.

Changes also took place in the supervisory board. Hans-Jürgen Beck who retired from the supervisory board on Jan. 31, 2009 was replaced by an investment banker with many years of experience. Mr. Sascha Magsamen has been involved with nextevolution for many years.

For the expansion of our market position, we will continue to focus on the development of and specialization in attractive niche markets in the future to expand the business volume and to increase the profitability in a sustainable manner. With the current corporate and customer structure and the further development of our performance portfolio, we believe to be perfectly positioned in the IT market for this purpose. However, the massive disruptions of the financial markets and the generally uncertain economic situation make it difficult to make any accurate predictions about future sales and earnings. Until now, the crisis has not significantly affected our operational business and no major effects were felt with respect to the intended course of business.

However, if our customers also experience economy-related investment stops and postponements, the growth dynamics of nextevolution AG would be dampened significantly.

Signed: Peter Ohl
Chief executive officer

Signed: Nils Manegold
Chief financial officer

Management Talk

nextevolution AG continued its expansion course during the 2008 fiscal year. Peter Ohl and Nils Manegold reflect on the development of the past year and provide an outlook for 2009 in Management Talk.

Mr. Ohl, nextevolution again succeeded in significantly expanding its leading market position as supplier of content management solutions as well as its range of application solutions.

Similar to previous years, the development of the three business segments "Content management solutions", "Web-portal based business solutions" and "Enterprise infrastructure solutions" was in line with the plans. Does this mean that your strategy to expand nextevolution AG to become an integrated IT service provider has paid off?

Peter Ohl: Overall, the three business segments showed a satisfactory development. We were able to demonstrate our consulting know-how and our IT solutions expertise with a large number of projects to our customers. With our three strategic and coordinated performance focuses and our solid position in the content management market, we increasingly succeeded in realizing follow-up projects and new IT projects with existing customers. As well, the acquisition of new clients developed well during the reporting period and at the beginning of the 2009 fiscal year. In addition to the expansion of the customer base comprising of medium-size companies and the public sector, we were able to demonstrate our services at acclaimed large enterprises. During the reporting period, we acquired among others Deutsche Post AG, Basler Versicherung AG, and ADAC Allgemeiner Deutsche Automobilclub e.V. as customers for projects in our core business "Enterprise Content Management".
The acquisition of new customers was supported by the strategic focus of nextevolution AG on the real estate industry. Due to our extensive knowledge of industry-specifics, we acquired for example in the real estate business Deutsche Annington AG, which is one of the leading housing companies in Germany, serving approximately 220,000 administrated and rented apartments, and in the area of media management the companies ProSieben/Sat.1, DSF Deutsches Sportfernsehen, RTL 2, and Bayerischer Rundfunk - thus, the list of acclaimed customers gets increasingly longer.

Not lastly, this is due to the continuous and sustainable improvement of our competitive position. We significantly strengthened the business function of our application solutions and improved the quality of our consulting, system integration and application management services. At the same time, we offer customized solutions for customer- and sector-specific requirements. Correspondingly, the customers benefit from powerful application solutions and our professional support services. With our “enterprise infrastructure solutions” range of performances, focusing on storage and server consolidation/virtualization and the associated topics business continuity and disaster recovery, we are complementing our expertise in content management solutions with respect to the required IT infrastructure. The result is a complete vertical penetration of the thematic complex, starting from the business solution to the software technology and middleware platforms to the IT infrastructure. Our customers benefit from our competence of developing complete and universally valid concepts and realizing solutions. Our sales performance and the quality of our consulting services allowed us to exceed the forecasts for the "enterprise infrastructure solutions" and to generate a positive segment result during the reporting period in spite of launching costs.

With the consolidation of the performance range and the development of innovative IT solutions tailor made to the market, nextevolution grew to become a leading supplier for content management solutions. Consequently, our strategy to be recognized as integrated solutions provider has paid off. Indeed we have to follow the adopted path consistently in order to continuously expand our market position.

Within the scope of the further development of the performance range, nextevolution is also offering own software suites. What kind of software is this and what are the possible fields of application?

Peter Ohl: On the one hand, our software suites nextPCM are designed for use in economic fields of application with an intersectoral significance and in the context of which the IT-supported content management and its integration into existing or planned process-oriented business systems develop an especially high benefit for the customer. Among other things, this applies to human resources management, contract management and procurement management. On the other hand, we are addressing fields of application which are significant within the context of the sector-specific focus within the nextevolution group, such as e. g. the real estate industry or the public sector where we are providing solutions like the real estate file or the legal file. We are offering solutions, such as the "real estate file" or the "judicial file".

Our application solutions are complementary to the standard software platforms of the leading manufacturers SAP and IBM and correspond to the "state of the art" technologies referred to as "service-oriented architecture"; they are available as portal-based applications.

Mr. Manegold, after a growth in sales of 83% in 2007 compared to 2006, you reported a double digit growth to your shareholders again for the 2008 fiscal year. What factors are mainly responsible for this and what kind of changes are you predicting for your operational business as a result of the crisis?

Nils Manegold: The renewed realization of a double digit growth in sales makes us cautiously optimistic, especially in times of a financial crisis. Over the past few years, we consistently generated double digit increases in sales by ourselves and with acquisitions. As well, the EBITDA development significantly increased in 2006 and 2007. Aside from the missed sales expectations in connection with the business involving own licenses, the current pronounced drop in the EBITDA is also due to cautious account balancing approaches as they were deemed reasonable in view of the current environment. Even though the financial crisis and the economic situation make future forecasts with respect to the business development significantly more difficult, we assess the market position and the development potential of nextevolution AG as generally satisfactory. However, the situation needs to be viewed differently for the individual customer groups. The current market situation is especially affecting the acquisition of new projects from private companies, making the acquisition phase more difficult. In spite of prolonged investment cycles to some extent, we also observe that the majority of corporate IT budgets are invested particularly into efficient content management solutions. On the one hand, the reason for this is the realization of cost savings over the long term thanks to an optimized IT structure, and the statutory documentation obligations companies are required to comply with on the other hand. To keep the potential liability risks low, companies are interested in comprehensive document management. It remains to be seen what kind of impact these two effects will have on the business development for 2009.
With respect to the acquisition of new customers, we observed positive developments for the public sector, which currently generates one third of the corporate turnover. With respect to this segment, we hope that the national economic stimulus programs will significantly reduce the tendering deadlines so that the acquisition processes in the public sector are sped up for the nextevolution group. Because one of our competences is tailored to the technical requirements of the public sector with respect to the content, this development is expected to prove beneficial for us during the current 2009 fiscal year.

Overall, we are aiming for the expansion of the business volume and the return into a positive earnings development with the expansion of our performance range and with the entry into other attractive niche markets. Moreover, we dispose of a healthy customer base. The combination of medium-sized companies, major company groups and the public sector allowed a stable sales level again during the current 2009 fiscal year. However, we have to wait and see if and to what extent project delays or prolonged investment decisions will affect the aspired business development.

The corporate development of the past years also increased the interest of institutional investors in your company. Toward the end of the fiscal year, the White Holding Company announced that it was holding 60.3 percent of nextevolution AG shares. The involvement of a major shareholder is associated with a significant change of the majority ratio. In your opinion, what are the advantages of this for nextevolution AG?

Nils Manegold: The operational business of nextevolution AG has significantly widened due to the rapid growth through corporate acquisitions. In addition, nextevolution has now reached the financial limits of inorganic growth. Against the backdrop of an additional growth phase and the use of attractive opportunities, we consider the involvement of a financially strong investor who at the same time is a strategically oriented partner, an ideal addition to the current investor structure. White Holding Company is an investor that is largely independent of the capital market environment and is known for its excellent network and management know-how while at the same time being strong enough financially to be able to utilize attractive opportunities together with us with respect to further growth.

How is the cooperation with the major investor expected to affect the year 2009?

Nils Manegold: For us, the collaboration in 2009 mainly relates to the mutual evaluation of the future direction and the planning of expected growth steps. The management of the White Holding Company disposes of interesting contacts and is familiar with the market environment that is relevant for nextevolution. This generates an attractive win-win situation for both parties and opens the opportunity to push the further growth path of nextevolution AG forward in a profit-generating manner, using the three main business segments positioned at the market. In my opinion, the consolidation and continuing interconnection of the performance range at group level is in the foreground of the activities for 2009. This optimization allows us to realize further organic growth resulting in the expansion of the sales and an improvement of the profitability of nextevolution AG. At the same time, the consolidation will pave the way for further inorganic growth which is expected to be realized in cooperation with Beaufort during the medium term.

Seasonality of nextevolution AG's business

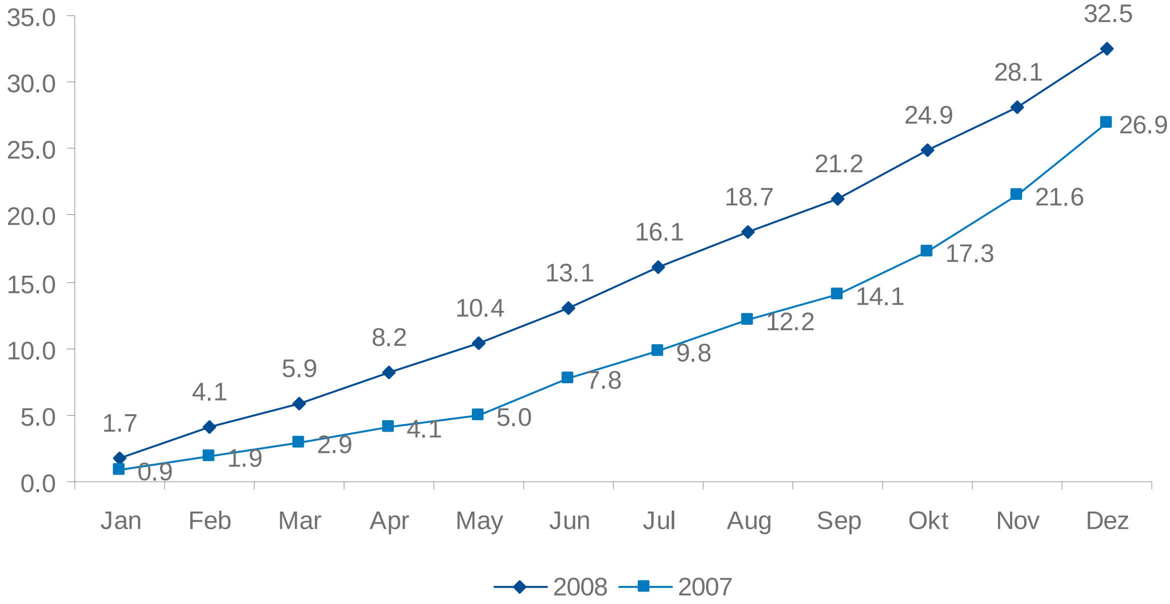
The nextevolution group's business course is characterized primarily by seasonality. The reason is that a large number of customers, predominantly large clients, show a demand, which is typical for the seasonal project business, based on their own planning and budgeting activities.

Thus, nextevolution deals during the first two quarters overproportionally with acquisitions and pre-sales activities as well as project start-up activities and the development of concepts while the third and fourth quarter is primarily characterized by large scale realization activities and the goods and license business, which intensifies to the end of the year. This always leads to higher sales figures in the second term of the year. The following figure explains again the individual phases of the business course, which represent the generation of sales.

1st quarter	2nd quarter	3rd quarter	4th quarter
Distribution orientation, Presales phase	Concept phase, Initial order phase	Implementation, Roll-out	Billing Fixed price orders sale of goods, stepped-up completion phase

Sales development reflects the seasonal trend

The seasonality of the business model is very well demonstrated in the sales development per quarter. The development of the sales growth for the years 2007 and 2008 can be seen in the following figure. nextevolution AG generates their highest sales figures during the fourth quarter of the respective year.



All values in million Euros

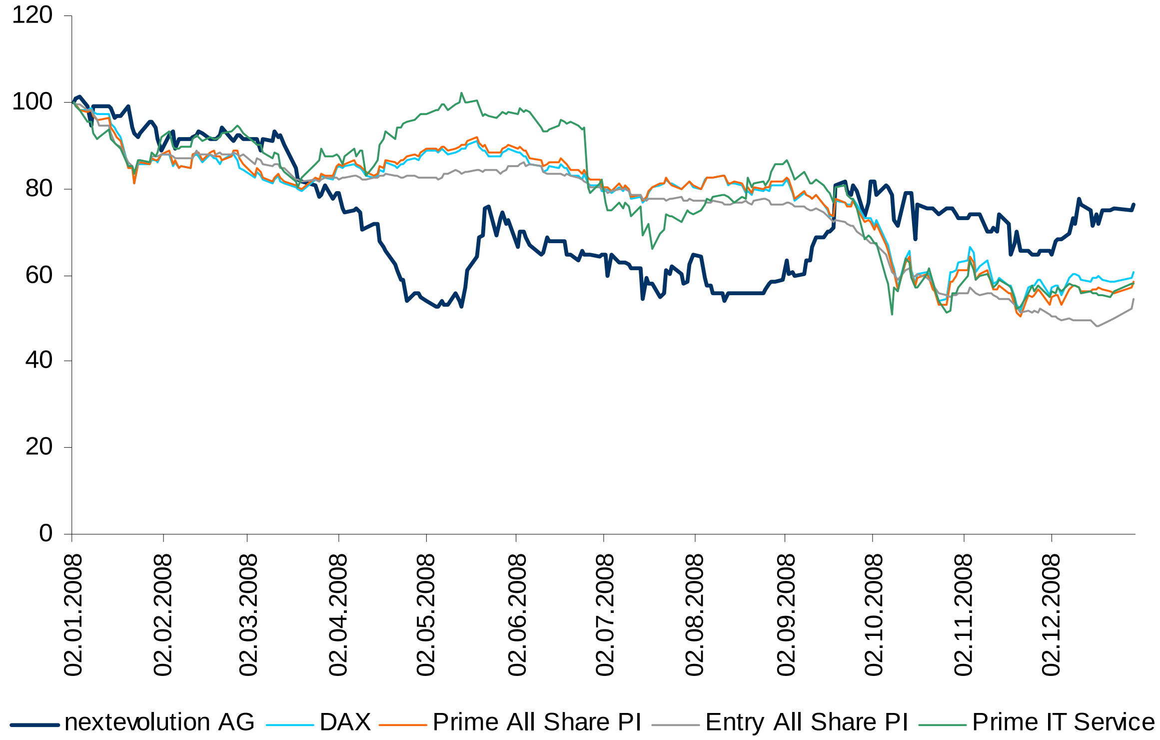
The share / investor relations

General stock exchange environment

The 2008 year at the stock exchange was under pressure due to the effects of the financial crisis, leading to global economic challenges for companies and the international community of states. The limited interbanking trade and the restrictive granting of credits made the refinancing option more difficult for the private sector, resulting in a pronounced reluctance to invest with a corresponding impact on the economy. To counter the crisis and the recession lasting for several quarters, the global governments adopted some financial and fiscal measures. Aside from establishing a financial market security fund designed to stabilize the financial system in Germany, some governments around the world presented different economic stimulus packages with the goal to stabilize the economic development.

The increasingly dire prospects of the global economic situation in spite of the economic stimulus packages were also reflected in the development of the leading indexes, causing the key indexes of the main international financial locations to shrink significantly in 2008. The US Dow Jones index lost 33.8 percent within the year, dropping from 13,265 to 8,776 points. The German blue chip index Dax was faced with an even greater decline, a whopping 40.4 percent drop by year’s end. The performance indexes of the prime and entry standards measuring the development of all shares in the respective segment were equally exposed to this trend, closing with a drop of 42.5 and 45.4 percent, respectively over the year.

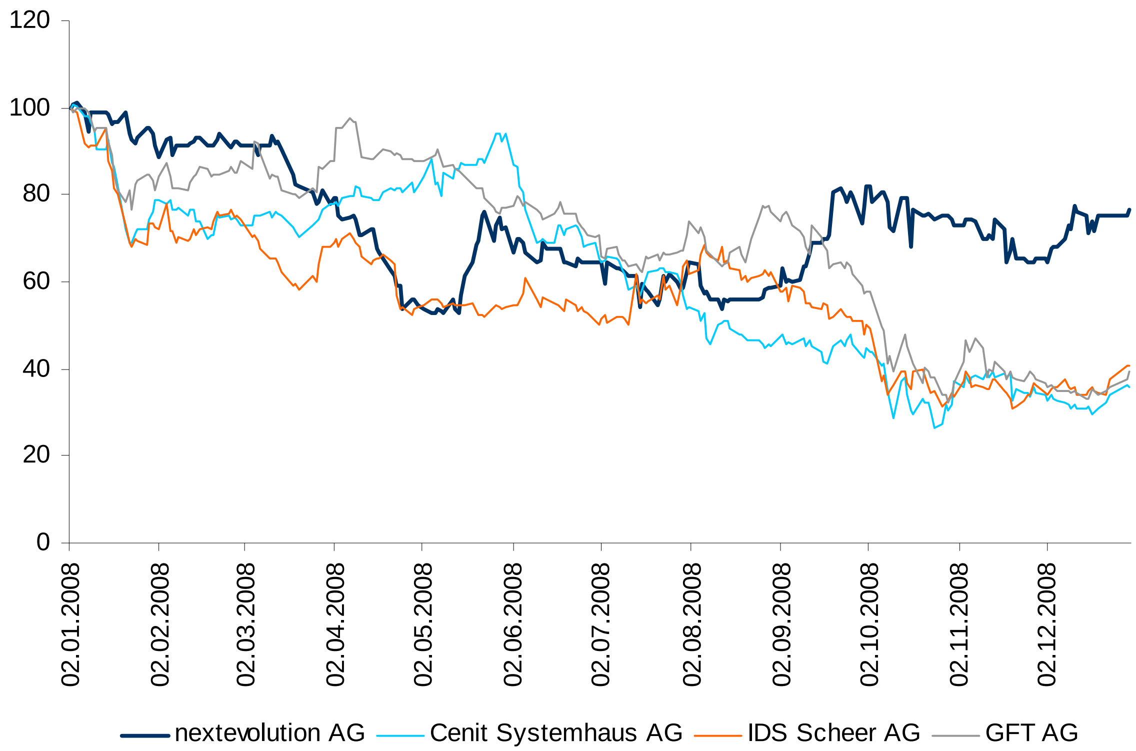
The uncertainty and nervousness at the capital markets continues undamped in 2009. The mood continues to deteriorate in the wake of various negative forecasts about the future economic development and the pressure to sell at the international indexes continued at the beginning of 2009.



The nextevolution share — relative outperformance compared to the leading indexes

With a fluctuation between a low of 4.90 Euros and a high of 9.40 Euros, the rate development of the nextevolution share was very volatile, consistent with the overall market. A noticeable reduction of the volatility was only observed by the end of the third quarter 2008. From that time onward, the maximum difference between the highest and lowest rate was 1.60 Euros. While the nextevolution share developed in line with the market for the first three months, its performance dropped compared to the overall market development between April and September, reaching its lowest rate in May with 4.90 Euros. A significant improvement of the share occurred in mid-September, lasting until year's end, with significantly reduced volatility. During the reporting period, the nextevolution share lost approximately one fifth of its value. It closed at 7.11 Euros, corresponding to a decrease of 20.1 percent compared to the beginning of 2008. The development of the nextevolution share was 20.3 percent better than the one of DAX. The outperformance also included the prime all share with 22.4 percent and the prime all share IT services with 21.9 percent.

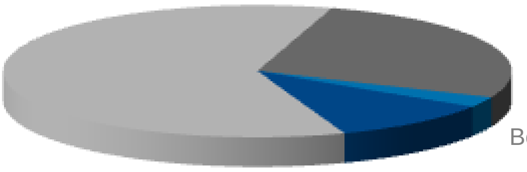
The development of the rate at the beginning of 2009 is limited both down and up due to the 60 percent participation of Beaufort Capital and the associated offer to acquire further shares at 7.00 Euros per share. The tendering documents for the voluntary public offer of Beaufort to the shareholders of nextevolution AG was published on February 9, 2009.



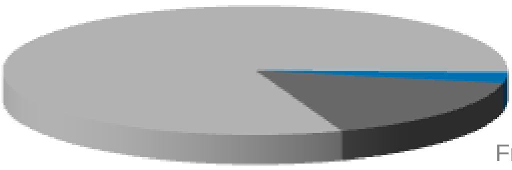
Shareholder structure

The shareholder structure of nextevolution AG has changed significantly after a group of investors with long-term and strategic goals joined on December 31, 2008. The decision to invest of White holding company (formerly fentus 6. GmbH) and private investor Dr. Rainer Bischoff originating from the direct environment of the associated IT company Beaufort Capital sustainably strengthened the shareholder base of nextevolution AG, allowing the company to better seize interesting opportunities and growth potentials, irrespective of the environment on the capital market. By the balance sheet date, the investment ratio of the White holding company was 60.3 percent of the shares of nextevolution AG. In addition to the 60.3 percent participation of the White holding company, institutional investors are holding 26.7 percent of shares, the amount of shares owned by diverse shareholders is 10.4 percent and the nextevolution AG management is holding 2.6 percent of shares. Based on the investment amount of 60.3% on Dec. 31, 2008, the White Holding Company issued a voluntary purchase offer to the shareholders of nextevolution AG on February 9, 2009. In this offer, the shareholders were offered the sale of nextevolution shares to the White Holding Company at a rate of 7.00 Euros per share until March 9, 2009. The offer was used by a large number of shareholders and the participation of the White Holding Company rose from 60.3 to 81.02 percent of shares by the end of the offer deadline.

Shareholder structure as of Dec 31, 2008



Shareholder structure as of Mar 11, 2009



Annual general meeting

The 2008 annual general meeting of nextevolution AG was held on May 29 at the premises of the company in Mainz. The annual general meeting unanimously adopted all resolutions proposed by the management with the exception of the decision concerning the acquisition of own shares.

Investor relations

The nextevolution AG board of directors continued its intensive dialog with the participants of the capital markets during the 2008 business year. In addition to the publication of business and quarterly reports, it provided extensive information the dialog groups in a timely manner by publishing corporate memos concerning the business development.

To enhance the dialog with professional participants in the capital market, the board of directors conducted telephone conferences, redaction visits and a multitude of individual dialogs. Similar to previous years, nextevolution introduced themselves to a large number of investment professionals at the Deutschen Eigenkapitalforum (German Equity Forum).

To provide the participants in the capital market with quick and comfortable access to capital market-relevant information, the board of directors used the company's website, www.nextevolution.de and the investor relations hotline. In addition, it was available to the shareholders for the personal exchange of information on the occasion of the annual general meeting.

The continuation of the investor relations activities geared to the target groups will be equally used in the 2009 business year to ensure the high transparency opposite the participants in the capital market and to continue optimizing the position of nextevolution AG in the capital market.

Media

Change and reconstruction create room for new synergies.
The television of tomorrow represents the perfect platform for this purpose.

In an increasingly digitalized media world with ever more complex business processes, the IT requirements are growing. Thanks to its consulting skills and long-term experience in the media environment, combined with the strong product portfolio in the fields of CRM, BI and records management, nextevolution offers an optimal package for mastering the challenges associated with the changing media landscape.

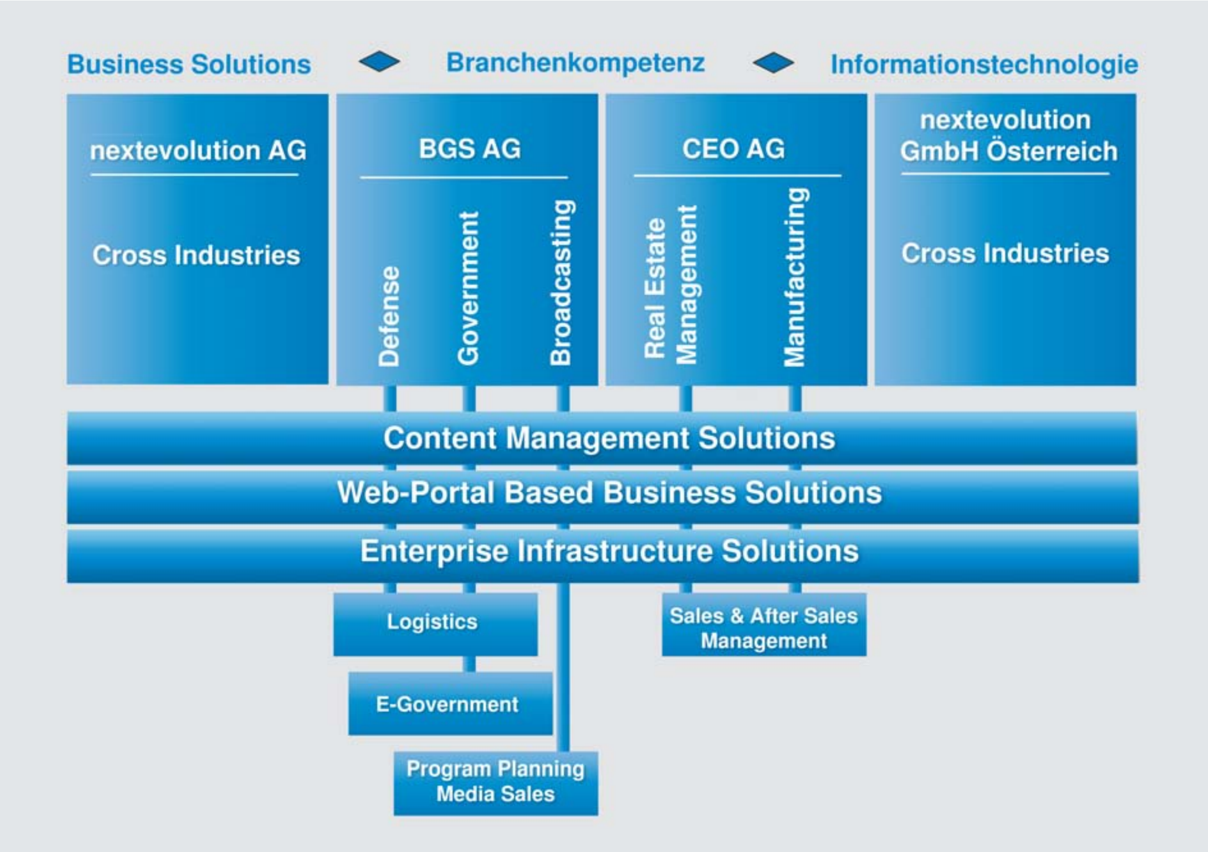
Strategy

nextevolution group, including our subsidiaries BGS AG and CEO AG, renders services in the area of IT consultation and system integration in the German speaking countries. With the main business fields of “Content Management Solutions“, “Web-portal based Business Solutions“ and “Enterprise Infrastructure Solutions“ nextevolution creates innovative business solutions for medium sized and large companies and for the public sector. The nextevolution group aims at the comprehensive consulting and solution approach, which covers the life cycle of a business solution from concept consultation to the implementation, as well as the support during the usage phase. This approach is reflected by the consistent and efficient service process - for our customer's benefit.

With the main business fields “Content Management Solutions“ and “Web/Portal based Business Solutions“ the nextevolution group addresses market niches, which are characterized by an increasing demand. Based upon a conventional, exclusively process-oriented business system environment with corresponding deficits, Content Management solutions involve the development of Business Content - weakly structured data for example in the form of documents and text - their integration into process oriented business solutions (ERP) and the illustration of content/document-driven business processes. The implementation of customer-specific business processes and solutions can be ideally performed by using the Web/Portal technology. This “state of the art“ technology supports “service-oriented architecture“ and is a prime fit for the realization of application solutions to accomplish “Business Collaboration“ with business partners in addition to intra company solutions. These "process-integrated Content Management solutions" often represent an expansion or the realignment of conventional business systems (ERP).

In another business field "Enterprise Infrastructure Solutions", nextevolution focuses on the efficient management of IT networks and thus, can comprehensively advice and care for their clients regarding the topics Business Continuity and Disaster Recovery as part of the IT operation. Typical solution approaches generally include the consolidation of storage and servers and their virtualization as well as backup and recovery concepts.

nextevolution maintains partnerships with leading manufacturers, such as IBM (FileNet) and SAP, which offer technology platforms in the area of "Content Management". These software products have a general, software-technical functionality in the area of Content Management, but don't offer any solution quality for business application fields. However, the customers achieve the intended economic use only by utilizing the "applicable" software in the context of their business processes. The business solutions, developed and implemented by nextevolution for their customers, are complementary to the standard technology platforms of the named manufacturers. However, they mainly represent independent application solutions for dedicated professional and industry-specific application fields. In the area of "Enterprise Infrastructure Solutions", nextevolution entered into partnerships with the companies Network Appliance, IBM, and Sun Microsystems in the storage area.



With respect to standardized application fields, we developed for the platforms SAP Netweaver / RM und IBM/FileNet complementary and commercial applications softwares, which are marketed in combination with customer projects or via distribution partners. In comparison to customer solutions with a full or predominantly project-specific added value, nextevolution creates significant competitive advantages by having their own standard application software available. In the distribution process, the "presentable" standard application software reduces the customer's degree of abstraction and improves the decision-making ability. The realization and implementation phase will require less time and effort due to the integration of the standard application software and is therefore less expensive for the customer. By way of comparison, the quality and stability of the customer solution is higher due to the existing maturity level of the standard application.

With the alignment to "process-integrated Content Management solutions", nextevolution has been working on the development of two standard application software suites since 2006:

- nextPCM for Netweaver/RM platform (SAP)
- nextPCM for P8 platform (IBM)

Each suite is comprised of several individual products, which can be used alone or in connection with others. The perspective development of Business Applications in the context of the corresponding industries are planned to follow. As of today, we have developed primarily applications to be used across industries, which will be utilized in the application fields of personnel management, contract management, procurement management and accounts payable management. Furthermore, there is an industry-specific solution, Real Estate Records, which supports the management of real estate.

With focus on the segment "Public Sector", the nextevolution group developed the prototype of an "electronic judicial file", which was introduced for the first time during the German Data Processing Court Day (Deutscher EDV-Gerichtstag) in Saarbrücken and stirred up lots of interest. The application is a complementary solution to IBM FileNet platform P8.

We were able to generate market interest for both complementary product lines, which are based on SAP and IBM/FileNet, respectively. The IBM/FileNet P8 based applications were introduced by nextevolution at the four day long IBM Information on Demand (IOD) conference in The Hague, which was used by nextevolution to acquire new customers. We noticed a strong interest in complementary software products and continue our discussions with potential new customers.

Environment of the industry

The financial crisis dominated the year 2008, leaving a pronounced mark in the international economy. Limited interbanking trade —caused by the loss of trust among banks —resulted in the more restrictive granting of credits by the banks. This so-called credit crunch caused refinancing problems for companies, leading to the pronounced reluctance to invest across all industries. The consequences in 2008 were a pronounced economic slowdown and a serious slump with respect to economic growth. By and large, all industrialized nations were in recession which is expected to continue through 2009 according to the opinion of economic experts.

According to calculations by the Federal Office for Statistics, the Gross Domestic Product (GDP) in Germany declined by 1.3 percent in 2008. The growth rate declined significantly compared to the previous year during which a growth of 2.5 percent was realized. The financial crisis was especially noticeable starting from the third quarter of 2008, with a sharp drop in demand. The German economy slid into recession in 2008. As well, the labor market was affected by the deteriorating economic situation toward the end of 2008. After the reduction of the unemployment rate over many years to 7.4 percent, it re-increased to 8.5 percent in February 2009. Reducing the number of work hours is currently the work-related measure of choice to absorb an excessive re-increase in unemployment.

The "special fund for the stabilization of the financial market (SoFFin)" launched by the federal government is designed to overcome liquidity-related bottlenecks of financial companies and to achieve the stabilization of the German financial system. In addition, economic stimulus packages were issued by various states around the world in the hope of stabilizing the economic development.

In spite of the national measures, the forecasts from leading economic experts concerning the economic development remain dire. The opinions relating to the development of the German gross domestic product were inconsistent at the beginning of 2009, ranging between minus 2.0 and minus 5.0 percent.

The Federal Association for the information industry, telecommunication and new media e.V. (BITKOM) examined the effects of the financial crisis on the IT industry as early as in the middle of 2008 and it was determined that the financial crisis made the financing options increasingly difficult for many high-tech companies in Germany. According to the study, 42.0 percent of the surveyed companies observed that credit institutions were more restrictive with the granting of credits to companies than before the start of the crisis. 18.0 percent of the companies stated that the financing conditions had deteriorated for them. In particular, this related to the interest rate, the requested collaterals as well as the business process documentation and disclosure requirements. 11.0 percent of companies reported that their turnover at the time of the survey in the middle of 2008 had dropped as a result of the financial crisis.

According to expert opinions, the IT industry is not as hard hit as other industries, because investing into information technology increases the efficiency of the companies. These expert opinions are also reflected in the market survey conducted by the international market research institute EITO. According to a recent study conducted in December 2008, the demand for information technology is expected to grow in the coming year in spite of the weakening global economy. The sales of computers, software and IT services in Western Europe are slated to increase by 2.0 percent to approximately 315.0 billion Euros for 2009. Aside from private companies, an increased demand for IT on the part of the public sector is also expected. According to the new forecast, software and IT service suppliers in Western Europe are expected to increase their turnover significantly by 3.2 percent to 228.0 billion Euros over the coming year. In contrast, IT hardware manufacturers expect a drop of 1.3 percent to 87.0 billion Euros.

Based on the appraisal by the EITO market researchers, the IT market is expected to develop stronger in Western Europe which comprises the 15 EU core countries as well as Switzerland and Norway compared to the USA during the coming year. The IT sales in the United States are expected to grow by 0.8 percent to 347.0 billion Euros. Prior to the deepening of the global financial crisis, the market research institute EITO predicted a growth of the IT market in the USA of 4.4 percent.

Similarly, the survey of German companies also indicated that the sales expectations for 2009 are considered positive, especially in the software and IT services sector, but that the increase in percent of the previous years will not be achieved. The majority of companies from these segments indicated rising sales expectations for 2009. Moreover, the software and IT services segments were leading with a 53.0 and 52.0 percent increase in demand for qualified employees in the field of human resources planning. For the software sector, BITKOM is forecasting an increase in sales by 2.0 percent (previous year: 4.2 percent) for 2009 from 14.5 billion Euros to 14.7 billion Euros and an increase by 3.7 percent (previous year: 5.7 percent) from 32.5 billion Euros to 33.7 billion Euros in the IT services sector. In contrast, the IT hardware sector is experiencing a decline in sales in the amount of 2.4 percent (previous year: 0.0 percent) from 19.2 billion Euros to 18.8 billion Euros.

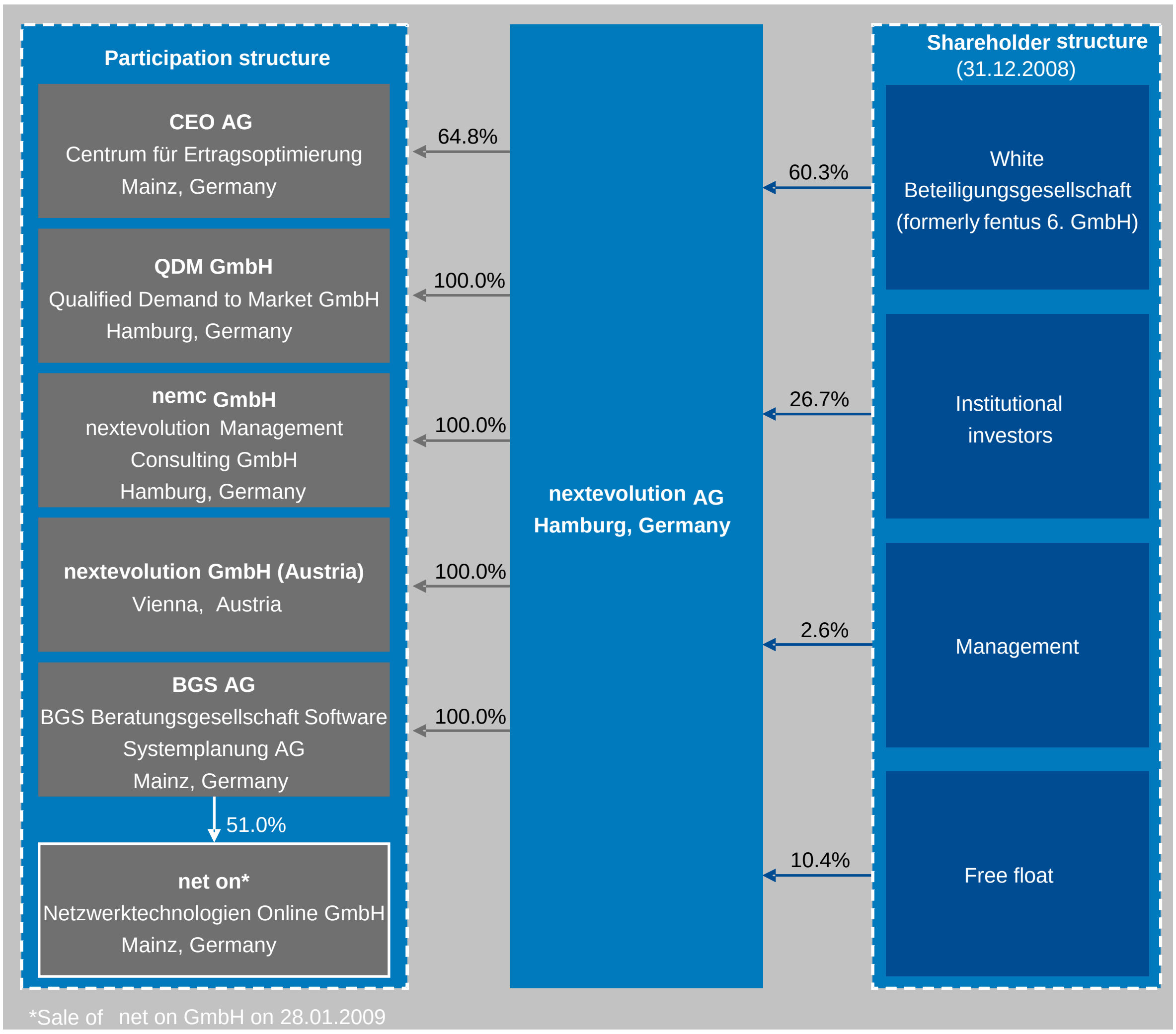
In addition to the general conditions of the IT industry, in its latest study, the Gartner analysis company forecasts an average annual increase of the ECM market volume of 12 percent to approximately three billion Euros by 2010. It argues that the backlog demand in the ECM sector remains large. In addition to the demand for ECM solutions by major corporations, the demand by medium-sized businesses is also growing. The ratio of the IT budget invested into efficient ECM solutions is increasing steadily.

Corporate structure / sites / employees

By December 31, 2008, the companies to be consolidated by nextevolution AG included six companies illustrated in the diagram below with their respective amount of participation.

A change of the companies to be consolidated occurred at the beginning of the 2009 business year. The legally effective sale on January 28, 2009 of net on Netzwerktechnologien Online GmbH which was not part of the strategic focus of nextevolution AG, reduced the number of companies to be consolidated from seven to six companies retroactively as per January 1, 2009.

By December 31, 2008, nextevolution AG was employing 246 people at the locations in Berlin, Hamburg, Cologne, St. Augustin, Mainz, Munich, Wilhelmshaven, and Vienna (Austria). The majority of employees were working in Mainz, Hamburg and St. Augustin. As of December 31, 2008, nextevolution AG had 95 employees. Without the employees of net on AG, the staff number of nextevolution was 216 as of the reporting date, December 31, 2008.



Milestones

New main investor

Toward the end of the year, Private Equity Fonds BO4 Investment Partnership II GmbH & Co. KG, a fund company managed by Technology Growth Investor Beaufort Capital, together with private investor Dr. Rainer Bischoff directly via White Beteiligungsgesellschaft mbH, reported owning 60.3 percent of the shares of nextevolution AG.

Because nextevolution had developed from several acquisitions, organic growth and the development of new attractive niche markets and became the leading solutions provider in Germany within the short period of only three years, we consider the financial commitment of Beaufort Capital a leap into the next development stage. The current size of the company and the aspired future development require a clear, financially strong and expandable corporate structure in order to be able to seize interesting opportunities and growth potentials irrespective of the environment on the capital market. We consider the new investor to be a partner that represents a genuine enhancement with respect to the development and strengthening of our achieved market position in the IT consulting and solution business.

With its investment decision, Beaufort Capital is focusing on medium-sized technology companies active in the fields of telecommunication, software, hardware and environmental engineering. Based on the own statement of Beaufort Capital as strategically oriented investor, it strives for the long-term support of nextevolution AG.

Continuing expansion of the customer base

During the 2008 reporting year, the project pipeline of the nextevolution group was full and spanning across different industries. In addition to strengthening existing customer relations, we expanded our customer base at the corporate level by some renowned companies. We would like to emphasize our customer acquisition in our core business field "Enterprise Content Management". Here, we were able to acquire among others ADAC Allgemeiner Deutsche Automobilclub e.V. and Deutsche Post AG. In addition, we also expand our customer base in the area of real estate industry. In this segment, we were successful against our competitors when we submitted a tender to Deutsche Annington AG, which is one of the leading housing companies in Germany, serving approximately 220,000 administrated and rented apartments. In addition, we executed an agreement governing the integration of our proprietary ReLoad solution for the topic customer management in the real estate business with GSW Immobilien GmbH.

Also in the area of "Broadcasting" we acquired renowned companies. Aside from supporting our long-term customer, the German television station ZDF governed by public law, we were able to acquire new IT projects from the broadcasting stations Bayerischer Rundfunk, ProSieben/Sat.1, DSF German Sport Television and RTL 2. As a result, the customer base of the nextevolution group now includes broadcasting stations governed by public law as well as three private broadcasting stations.

As well, additional orders were obtained in the defense sector. The detailed publication is impossible because of the duty to maintain secrecy.

The increasing expansion of our customer base by large corporation confirms our market position, which we have successful established and enlarged within the last years.

Completion of the "Enterprise Infrastructure Solutions" portfolio

Aside from the main performances "Content management solutions" and "Web-portal based business solutions", the range of performances of nextevolution AG also includes the segment "Enterprise infrastructure solutions". So far in this segment, nextevolution AG was focusing on the topic network — especially the efficient management of IT networks. The existing range of performances in the sector "Enterprise infrastructure solutions" was completed by the sectors "Storage" and "Server solutions" at the beginning of May 2008. Consequently, nextevolution AG offers its clients comprehensive consulting and support services with respect to the IT operation for the topics of business continuity and disaster recovery. Typical solution approaches generally include the consolidation of storage and servers and their virtualization as well as backup and recovery concepts.

The solution expertise acquired with the expansion of the "Enterprise infrastructure solutions" portfolio ideally complements the "Content management solutions" performance focus. This allows nextevolution to vertically penetrate and offer the entire range of topics, starting from its own application solutions to content management and middleware platforms to the IT infrastructure from one source. The expansion of the performance range is in line with the strategy of the nextevolution group to create a consistent and networked performance portfolio.

Within the scope of the expertise development, nextevolution succeeded in attracting experienced employees for managing positions, who were previously working for renowned companies in the fields of "storage" and "server" solutions. The strong sales team was able to expand the customer base significantly within a short period of time and to make a positive contribution to the corporate profit in spite of initial costs.

The "Enterprise infrastructure solutions" teams are working out of the Berlin and Cologne locations. 20 employees are currently active in this segment. In addition, we established sales partnerships with the manufacturers Network Appliance and Sun Microsystems during the second quarter. Thanks to the closeness to our sales partners, we are counting on the significantly improved possibility to acquire customers.

Positive market reception of our own software suites

The standard software suites developed by nextevolution AG which are based on the leading platforms SAP Netweaver/Records Management and IBM FileNet (P8) are gaining increasing significance. The growing product success of our software lead during the reporting period to a distribution partnership with the companies itelligence AG and Exxeta AG. Both companies took our software applications, based on SAP Netweaver/Records Management, into their SAP oriented distribution program.

In addition, we initiated the SAP product certification for our SAP software suites to document the suitability of our software products to increase the possible applications and the benefit of SAP solutions and to ensure the smooth communication with the SAP business solutions.

Moreover, we recorded a significant demand for our IBM FileNet platform P8-based product line, for which we also initiated certification. Within the scope of the IBM Information On Demand (IOD) conference in Den Haag which we attended as exhibitors at the beginning of June, we noticed significant interest in our complementary software products and the application solutions for the management of contracts and invoices.

In addition, we introduced the prototype of the "electronic judicial file" which is complementary to the IBM FileNet platform P8 to a specialist audience on the occasion of the 17th German IT Court Symposium in Saarbrücken. The application resulting from the cooperation between nextevolution and BGS expanded the application family of the existing software applications. The IBM FileNet-based solution meets the specific requirements of the legal profession, while comprising many user-oriented features.

Attainment of the premier partner status from IBM

At the beginning of 2008, the successful cooperation between IBM and nextevolution resulted in the improvement of the PartnerWorld membership. IMB elevated the partnership level of nextevolution AG from Advanced to Premier. This Premier partnership is the highest level that a company can obtain with IBM. For example, this status allows nextevolution to access sales-promoting resources and performances of IBM which support the acquisition of new orders, accelerate the sales cycle and significantly strengthen the market position of nextevolution AG. The across-the-group use of the premier partnership also allows nextevolution to improve the competitiveness of its subsidiaries, thus gaining a significant advantage in the market.

Aside from being awarded the highest partner level from SAP as Special Expertise Partner in 2007, nextevolution has now also attained the highest partner level from IBM.

Rank 1 for the Technology Fast 50 Award by Deloitte

On October 23, 2008, nextevolution AG was awarded the Technology Fast 50 Award by Deloitte. After placing 9th in 2007, nextevolution managed to place 1st this year. The 50 most rapidly growing participating technology companies are eligible for the award.

The Deloitte Technology Fast 50 program was first launched in the USA in 1995. Meanwhile, eleven countries of the Deloitte network are handing out this award. Germany has been awarding the Technology Fast 50 Award for six years. Worldwide, this award has established itself as a quality label for entrepreneurial success in the technology sector. The program is sponsored by the media partner Capital as well as the German stock exchange and DVFA.

Digital paper file

Successful synergies are created if companies ideally complement one another.
The “digital paper file” within the nextevolution group is a perfect example.

Take the problem-solving skills of nextevolution AG with respect to the realization of enterprise content management using the IBM FileNet P8 platform, combine it with the process know-how of PGS acquired from project development in the field of justice for more than a decade and bring the creative minds of both companies together. The outcome is a solution whose operating interface is based on the work sequences of the real working world. This allows the generation of customer benefits in several ways: on the one hand, complex files can be processed more productively than using conventional tools and without the need of training the user. On the other hand, the customer acquires a technical platform which is characterized by low operating costs, high scalability and comprehensive protection of the investment.

Corporate governance report including compliance statement dated Dec. 1, 2008

Preliminary remark

Pursuant to number 3.10 of the German Corporate Governance Codex, the management and supervisory boards are required to report about the corporate governance of the company annually in their business report. Below is the nextevolution corporate governance report for the 2008 fiscal year.

As a stock corporation under German law, nextevolution AG is subject to the dual system of corporate management and its supervision. Therefore, a clear segregation of duties and persons exists between the corporate bodies, i.e. the management board and the supervisory board. As the third body of the management and organization structure, the general assembly is the decision-making body of the shareholders. The corporate governance report below highlights our observation of shareholders' interests, the efficient cooperation between the management board and the supervisory board as well as our commitment to open and transparent communication.

For the most part, nextevolution AG follows the recommendations and suggestions of the German Corporate Governance Codex.

Every year, the management and supervisory boards explain to what extent the recommendations of the codex were and are complied with ("comply or explain"). They issued the compliance statement pursuant to section 161 of the Stock Companies Act (AktG) for the first time on December 10, 2006. On December 1, 2008, the management and supervisory boards issued a new compliance statement in accordance with the annual cycle. The statement is available on the internet at the nextevolution homepage.

Bodies of nextevolution AG

Management board —duties and responsibilities

The management board of nextevolution AG carries out the business of the company at its own responsibility and in compliance with the applicable laws and the articles of association. It cooperates faithfully with the other bodies of the company and the employee representatives. The board members are jointly responsible for the entire business management. In this respect, they are obligated to the corporate interests and agree to increase the sustainable corporate values of nextevolution. The management board develops the strategic position of the nextevolution group in cooperation with the supervisory board and is responsible for the implementation. In addition, it is in charge of maintaining and continuously developing suitable planning, risk management and control systems. Within the scope of its duties, the management board is responsible for the compilation of the interim and annual financial statements as well as the occupation of key positions within the corporate group. Any deviations of the business development from the specified plans and existing goals will be explained with the inclusion of the corresponding reasons.

The management board of nextevolution AG comprises one or more members appointed by the supervisory board. The supervisory board generally appoints board members for the duration of five years.

The members of the management board of nextevolution AG are:

Mr. Peter Ohl, chief executive officer (board member since 2006)
Mr. Nils Manegold, chief financial officer (board member since 2006)

Compensation

Board members will receive reasonable compensation, commensurate with the respective duties and performances as well as the economic situation and the future prospects of the company. The compensation for the board members comprises both fixed and variable components. It contains incentives designed to contribute to the increase of the corporate value. The updated compensation report is included as annex.

Conflicts of interest and disclosure obligations

The board members commit their entire manpower to the nextevolution group. Ancillary activities, in particular appointments into other supervisory and advisory boards may only be pursued with the consent of the supervisory board. Any business transactions carried out between the board members and the company must comply with the standards common in the industry. Major transactions require the consent from the supervisory board. Any conflicts of interest will immediately be disclosed to the supervisory board and the other board members will be notified hereof. Currently, none of the board members is an appointed member of a supervisory board of an external company.

Supervisory board —duties and responsibilities

The supervisory board provides advice to the management board and supervises the business conduct within the scope of the legal provisions and the articles of association. The supervisory board is involved in any decisions with far-reaching significance for the company. The chair of the supervisory board is in regular contact with the management board; this contact is designed for the continuing information about the corporate development and important events in a timely manner. The supervisory board regularly receives reports generated by the management board concerning the development of the company and its holding companies. These reports deal with the planned business policies and fundamental questions relating to the corporate planning (financial, investment and human resources planning), the profitability of the company, the business de-

velopment including the sales and profit development and the position of the company. The supervisory committee initiates further auditing procedures and analyses if more information is desired in the opinion of the supervisory board.
The supervisory board appoints and dismisses the board members, nominates the chief executive officer and is in charge of the long-term succession planning in cooperation with the management board. Board members are usually re-appointed with the consideration of the age limit and only in justified individual cases before the end of the year prior to the end of the appointment term.

The supervisory board usually convenes four regular supervisory board meetings per fiscal year. Extraordinary meetings may be held flexibly and on short notice for special occasions. The supervisory board will check the annual financial statement, the financial report, the consolidated financial statement and the consolidated financial report, the proposal for the use of the balance sheet profit and the report about the relationships with affiliated companies. The annual auditor attends the deliberations of the supervisory board concerning the annual financial statement and reports about the main results of his audit. The supervisory board reports to the annual shareholders' meeting and proposes the annual auditor. The supervisory board will commission the audit and checks the independence of the annual auditor. The supervisory board did not set up an audit committee because questions relating to the accounting, risk management as well as the focus of the annual audit will be handled by all members of the supervisory board due to their significance.

The cooperation of the supervisory board is based on consensus. It consists of three members all of which are elected by the annual shareholders' meeting. No different terms of office exist for members of the supervisory board.

No age limit has been specified for members of the supervisory board, because in the company's opinion knowledge and skills as well as relevant experience are the main criteria. When selecting candidates to be proposed to the annual shareholders' meeting for election into the supervisory board of nextevolution AG, the supervisory board makes sure that they dispose of the required knowledge and skills, relevant experience, independence as well as availability with respect to time. On July 12, 2007, the annual shareholders' meeting elected gentlemen Franz-Josef Lhomme, Hans-Jürgen Beck and Sven Lemiss into the supervisory board. During the supervisory board meeting held after this annual shareholders' meeting, Mr. Lhomme was elected chair of the supervisory board and Mr. Lemiss assistant chair of the supervisory board. No former board members are currently members of the supervisory board of nextevolution AG.

As of December 31, 2008, the supervisory board was composed as follows:

Mr. Franz-Josef Lhomme, entrepreneur (chair of the supervisory board),
Mr. Sven Lemiss, CEO (assistant chair of the supervisory board),
Mr. Hans-Jürgen Beck, entrepreneur.

Mr. Beck resigned from his supervisory duty as of Jan. 31, 2009. The court appointed Mr. Sascha Magsamen as his successor.

Compensation

The annual shareholders‘ meeting is in charge of defining the compensation of the supervisory board members in the articles of association. The supervisory board members receive fixed annual compensation as well as reimbursement of their expenses. The compensation will take into account the position of the chair.

The compensation of the supervisory board members is outlined in the annex.

Conflicts of interest and disclosure obligations

Members of the supervisory board are not bound to orders and instructions; they agree to maintain secrecy about the content of meetings, confidential information as well as company and business secrets beyond their membership in the supervisory board. In the interest of the company, every supervisory board member agrees to report any conflicts of interest immediately to the chair of the supervisory board. This also applies if the supervisory board member is stripped of a position or function which was a co-determining factor for his appointment. Supervisory board members are required to abstain from voting for any decisions that concern them or a related person or company.

Any conflicts of interest of supervisory board members and their handling that occurred are outlined in the supervisory board report submitted to the annual shareholders‘ meeting. This report also contains a corresponding note if a member failed to participate in more than half of the ordinary meetings personally or by means of electronic media during the fiscal year. In 2008, no supervisory board member was absent with an excuse from any of the five supervisory board meetings.

Share transactions and share ownership of the management board and supervisory board —share transactions

Pursuant to section 15a of the Securities Trading Act (WpHG), members of the management board and the supervisory board are obligated to report any transactions with shares of nextevolution AG or financial instruments relating to them, in particular derivatives of nextevolution AG. This duty to report is waived if the total sum of the transactions undertaken by the member or related persons by the end of the calendar year does not exceed the total amount of 5,000 EUROS. No such transactions were reported to nextevolution AG for the past fiscal year.

Share ownership

The following members of the management board and supervisory board were holding nextevolution shares as of December 31, 2008:

Peter Ohl	19,834 shares
Nils Manegold	7,849 shares
Hans-Jürgen Beck	3,300 shares
Indirectly via FGB Financial Global Network Beteiligungs AG	

Stock option programs

During the 2006 fiscal year, nextevolution issued a total of 50,000 stock options to employees/board members for the first time - 25,000 to board members and 25,000 to employees. These option plans are "equity-settled plans". The purchase price per share in the option is 11.0 €. The condition to exercise this option is that the value development of the Prime All Share Performance Index or another index, which functionally replaces the former index is worse than the value development of the nextevolution share, calculated from the day of the initial admission of the quotation to the day the option is exercised. One third of the options were eligible to be exercised on March 10, 2008 at the earliest. The second third can be exercised no earlier than on March 10, 2009 and the remainder on March 10, 2010 at the earliest. The option can only be exercised within a period of at most four weeks starting with the fifth bank business day after the ordinary annual shareholders' meeting of nextevolution. For the rest, the limitations resulting from the general legal provisions, in particular the Securities Trading Act, must be complied with. With the exception of the case of succession, these options are non-transferrable. they can not be sold, pledged or otherwise encumbered. The right to exercise the option ends five years after the issue date at the latest. If the options were not exercised by this date, they will expire without any replacement. Please refer to the annex for detailed information.
No additional stock options have been issued since the 2006 fiscal year.

Accounting and annual auditing principles of the nextevolution group

The consolidated financial statements and quarterly reports of nextevolution AG are compiled in accordance with the provisions of the IFRS/IAS. Consolidated financial statements will be published on the internet for public access within 90 days and quarterly reports within 45 days after the end of the respective reporting period. The consolidated financial statement also contains detailed information about the stock option programs and similar incentive systems. Companies in which nextevolution AG is participating are mentioned on a list, which includes the name and domicile of the company as well as the amount of the share and the equity capital. Exceptions only apply if the information is not required by law and is insignificant for the asset, financial and profit situation. The annex of the consolidated financial statement contains explanations about the relationships with shareholders, provided they are to be qualified as related persons within the meaning of the accounting provisions. In addition, the annex of the consolidated financial statement contains information about the compensation of members of the management board and the supervisory board, divided by fixed rates and success-related components. If compensation is paid or benefits granted to members of the supervisory board for personally rendered performances, this will be itemized separately in the corporate annex.

Principles of the relationship between nextevolution AG and its shareholders

Legal provisions and the articles of association of nextevolution AG guarantee the consideration of the shareholders' rights. They include:

- free acquisition and sale of shares
- identical voting right per share
- exercise of the voting right and participation in the annual shareholders' meeting
- reasonable provision of information
- participation in the corporate profit

Every shareholder has the right to attend the annual shareholders' meeting and to request information about matters concerning nextevolution AG from the management board on this occasion. Every shareholder has the option of exercising his voting rights personally or by appointing a representative of his choice. nextevolution makes exercising the voting right easier by appointing representatives for the voting right representation required by law. These representatives can also be reached during the annual shareholders' meeting. The reports and documents required by law, the business report as well as the invitation to the annual shareholders' meeting in addition to the agenda will be available on the internet sufficiently in advance of the date of the annual shareholders' meeting. Upon request, shareholders and interested parties will be informed of the convention of the annual shareholders' meeting in addition to receiving the documents. Shareholders will immediately be provided with any new facts that were also reported to financial analysts and comparable addressees. For this purpose, we mainly use modern communication media such as the internet and e-mail.

Principles of communication of the nextevolution group with the public

nextevolution is committed to informing all main target groups equally, in a timely manner and extensively. When publishing and disclosing information, nextevolution considers the principles of equality, transparency, timeliness, openness and clarity. Information is generally disclosed in German and English. As well, the regularly published financial calendar and the internet presentation of the company at www.nextevolution.de contribute to increased transparency. All capital market participants, shareholders, analysts, investors and journalists strictly receive the same scope of information about new facts at the same time. For this purpose, we mainly use modern communication media such as the internet and e-mail. Within the scope of the investor relations work, the board members regularly meet with analysts, investors and journalists. This generally includes an annual conference and teleconferences on the occasion of the annual reporting as well as for special events. Any information published abroad will also be published at home. The management board will immediately publish insider information directly relating to the company, unless it is relieved of the duty to disclose in the individual case (ad-hoc publicity).

The purchase or sale of nextevolution shares by members of the management board or the supervisory board will be published in compliance with the provisions set forth in the Securities Trading Act (WpHG). The annual business report contains information about the corporate governance of nextevolution AG along with explanations concerning the deviations from the recommendations in the codex.

Compliance statement pursuant to section 161 of the Stock Companies Act

The management board and the supervisory board of nextevolution AG declare the following pursuant to section 161 of the Stock Companies Act (AktG):

nextevolution AG complies with the recommendations issued by the Government Commission „German Corporate Governance Codex“ with the exceptions set forth below:

Codex number 3.8

Contrary to the provision governing the D&O liability insurance, the D&O insurance of the company does not have a deductible. In this respect, nextevolution AG believes that the responsibility and motivation with which the members of the management and supervisory boards are performing their duties can not be improved with this type of deductible.

Codex number 5.3

The supervisory board of nextevolution AG comprises three members. Deviating from number 5.3 of the codex, the supervisory board has not yet formed any committees. No audit committee has been set up. The duties of the audit committee are currently performed by all the members of the supervisory board. We would like to point out that the small number of supervisory board members is not suitable to form an audit committee or any other committees.

Codex number 5.4.1

No mandatory age limit for supervisory board members has been planned. We believe that older supervisory board members are particularly valuable to the committee thanks to their wealth of experience.

Codex number 5.4.7

Supervisory board members are compensated exclusively with specified shares. To allow the independent work and decision making, the supervisory board members do not receive variable or success-based compensation.

Codex number 6.6, section 2

We do not comply with number 6.6 section 2 of the code. The corporate governance report comprises information pursuant to the regulations according to section 15a of the Securities Trading Act (WpHG). In the opinion of the management board and the supervisory board, the version of the Securities Trading Act is sufficient to meet the international transparency guidelines. The management board and the supervisory board waive the itemization of the share ownership.

Mainz, December 01, 2008

Chair of the supervisory board

Signed: Franz-Josef Lhomme

Management board

Signed: Peter Ohl

Signed: Nils Manegold

Consolidated financial statements of nextevolution AG as of December 31, 2008 (IFRS)

Profit and loss statement - for the company group for the business year from January 1 to December 31, 2008

	Annex	2008 EUR	2007 EUR
Sales revenue	[1]	32,539,080.55	26,900,035.05
Changes in inventory in work in progress		-178,915.62	-386,224.81
Other own work capitalized	[2]	526,012.90	658,860.62
Other operating income	[3]	590,643.96	218,842.88
Cost of material	[4]	-10,565,240.31	-8,353,749.09
Personnel expenditures	[5]	-16,730,662.20	-11,769,346.01
Other operating expenses	[6]	-7,576,112.43	-5,320,824.40
Income from participation		594.00	540.00
Depreciation	[8]	-1,552,190.48	-1,095,970.93
Earnings before interest and taxes		**-2,946,789.63**	852,163.31
Interest income	[7]	-268,322.76	-91,302.18
Earnings before taxes		**-3,215,112.39**	760,861.13
Income tax	[9]+[19]	-753,065.63	-485,970.91
Accrued profit or loss		**-3,968,178.02**	274,890.22
Thereof for			
Shareholders of the mother company		-3,696,863.13	28,061.93
Minority interests		-271,314.89	246,828.29
Undiluted result per share	[10]	-3.43	0.03
Diluted result per share	[10]	-3.53	0.03

Group - Balance sheet as of December 31, 2008

Short-term assets			
Cash and cash equivalents	[12]	571,688.22	535,973.86
Receivables from goods and services	[13]	7,249,341.08	11,000,949.95
Tax reimbursement claim	[14]	105,097.78	172,789.80
Amounts due from customers for contract work booked as assets	[15]	507,011.48	0.00
Prepayments and accrued income	[16]	254,788.77	445,864.03
Inventories	[17]	163,393.73	617,050.56
Other assets	[18]	119,541.37	104,766.81
		8,970,862.43	12,877,395.01
Long-term assets			
Intangible assets	[11]	6,083,954.33	6,533,236.31
Fixed assets	[11]	940,798.57	1,031,763.59
Tax reimbursement claim	[14]	165,673.03	183,038.62
Deferred tax claims	[19]	99,731.63	791,619.56
Other assets	[20]	49,019.36	65,233.88
		7,339,176.92	8,604,891.96
Total assets		**16,310,039.35**	21,482,286.97
Short-term liabilities			
Short-term financial liabilities	[21]	2,875,524.32	2,519,764.54
Received downpayments for orders	[22]	84,956.00	12,500.00
Accounts payable from goods and services		2,659,746.40	4,870,520.74
Tax obligations	[23]	1,038,657.02	1,120,669.57
Prepayments and accrued income	[24]	420,293.09	461,415.53
Reserves	[25]	115,736.09	121,602.05
Other short-term liabilities	[26]	3,066,685.65	2,343,568.80
		10,261,598.57	11,450,041.23
Long-term liabilities			
Long-term debt	[27]	1,054,052.00	20,761.00
Reserves	[28]	90,231.62	112,977.17
deferred tax liabilities	[19]	1,544,805.05	1,547,168.64
Other liabilities	[29]	15,909.73	684,586.55
		2,704,998.40	2,365,493.36
Equity			
Subscribed capital	[30]	1,077,869.00	1,000,000.00
Capital reserve	[31]	9,429,968.87	8,557,836.07
Surplus reserve	[32]	-4,043,932.71	-4,068,065.03
Group's capital deficit / surplus		-3,696,863.13	28,061.93
Thereof equity of the mother company's shareholders		2,767,042.03	5,517,832.97
Minority interest on equity	[33]	576,400.35	1,198,917.61
		3,343,442.38	6,716,750.58
Payments made for implementation of capital increase	[30], [31]	0.00	950,001.80
Total assets		**16,310,039.35**	21,482,286.97

Group —Cash flow statement

	Annex	2008 EUR	2007 EUR
Accrued profit or los		**-3,968,178.02**	**274,890.22**
Depreciation on fixed assets		1,552,190.48	1,095,970.93
Increase / decrease of the provisions		-28,611.51	-1,009,499.70
Other non-cost affecting costs/earnings		23,036.64	205,366.11
Profit/Loss from disposal of assets		3,807.37	2,865.00
Increase/decrease of inventory, receivables from goods and services and other assets, which cannot be allocated to investment or financing activities		4,667,714.98	-3,049,901.88
Increase / decrease of inventories / work in progress		453,656.83	387,705.42
Increase / decrease from receivables from goods and services		3,751,608.87	-3,396,292.78
Increase / decrease of other assets		462,449.28	-41,314.52
Increase / decrease from accounts payable from goods and services and of other liabilities, which cannot be allocated to investment or financing activities		-2,209,376.89	2,191,494.20
Increase / decrease of accounts payable from goods and services		-2,210,774.34	813,558.73
Increase / decrease of other liabilities		1,397.44	1,377,935.47
Cash flow from ongoing business activities	[34]	**40,583.05**	**-288,815.12**
Receipt of payment/pay-out for tangible fixed assets		-257,379.73	-270,858.13
Receipt of payment/pay-out for intangible assets		-758,371.12	-918,863.78
Receipt of payment/payout of shares of fully consolidated companies (minus obtained liquid means)		0.00	-2,122,713.36
Cash flow from investment activities	[35]	**-1,015,750.85**	**-3,312,435.27**
Pay-out to minorities		-319,877.60	0.00
Receipt of payment from borrowed loans		1,330,759.76	2,106,347.12
Cash flow from financing activities	[36]	**1,010,882.16**	**2,106,347.12**
Cost affecting changes of the funds		**35,714.36**	**-1,494,903.27**
Funds at the beginning of the period		535,973.86	2,030,877.13
Funds at the end of the period		571,688.22	535,973.86

The financial means are comprised of cash on hand, checks and bank balances.

Group - Overview recorded income and expenditures

	2008	2007
Market assessment of hedging instruments	-51,549.00	-13,413.00
Deferred taxes on changes in value directly set off with equity	16,294.64	4,239.85
Earnings and expenditures directly reported to the equity	**-35,254.36**	**-9,173.15**
Accrued profit or loss	**-3,968,178.02**	**274,890.22**
Total profit for the period	**-4,003,432.38**	**265,717.07**
thereof to the shares of other shareholders	-271,314.89	246,828.29
thereof to be claimed by the shareholders of the group	-3,732,117.49	18,888.78

The market assessment of hedging instruments contains an interest swap with a duration of 60 months.
The objective of the financial instrument is the elimination of an interest change risk for payments, which cause the usage of an overdraft facility.
The interest swap was classified as cash flow hedge in the meaning of IAS 39.

Group —Development of the equity

All figures in EUR	Subscribed capital	Capital reserve	Reserves: Surplus reserve incl. group's deficit / surplus	Share capital of the shareholders of the mother company	Interest of other shareholders	Total
Status as of 1/1/2007	**1,000,000.00**	**8,557,836.07**	**-4,058,891.88**	**5,498,944.19**	**0.00**	**5,498,944.19**
Accrued profit or loss	0.00	0.00	28,061.93	**28,061.93**	246,828.29	**274,890.22**
Losses from cash flow hedges directly recorded with equity	0.00	0.00	-9,173.15	**-9,173.15**	0.00	**-9,173.15**
Total profit for the period	**0.00**	**0.00**	**18,888.78**	**18,888.78**	**246,828.29**	**265,717.07**
Changes in the basis of consolidation	0.00	0.00	0.00	**0.00**	952,089.32	**952,089.32**
Status 12/31/2007	1,000,000.00	8,557,836.07	-4,040,003.10	**5,517,832.97**	1,198,917.61	**6,716,750.58**
Status 1/1/2008	1,000,000.00	8,557,836.07	-4,040,003.10	**5,517,832.97**	1,198,917.61	**6,716,750.58**
Accrued profit or loss	0.00	0.00	-3,696,863.13	**-3,696,863.13**	-271,314.89	**-3,968,178.02**
Losses from cash flow hedges directly recorded with equity	0.00	0.00	-35,254.36	**-35,254.36**	0.00	**-35,254.36**
Total profit for the period	**0.00**	**0.00**	**-3,732,117.49**	**-3,732,117.49**	**-271,314.89**	**-4,003,432.38**
New shares issued	77,869.00	872,132.80	0.00	**950,001.80**	1,343.40	**951,345.20**
Settlement of differences from acquisition of minority interests, not affecting net income [1)]	0.00	0.00	31,324.75	**31,324.75**	-352,545.77	**-321,221.02**
Status as of 12/31/2008	**1,077,869.00**	**9,429,968.87**	**-7,740,795.84**	**2,767,042.03**	**576,400.35**	**3,343,442.38**

[1)] nextevolution AG acquired during the business year the remaining 25% of nextevolution management consulting GmbH and thus, holds 100% of the shares. BGS acquired in April 2008 all shares of BGS in the free float and thus, holds 10% of their own shares

Storage

Successful synergies are created if companies ideally complement one another.

The IT infrastructure is the heart of a company; it is a sensitive and complex system. To make it sustainably useful and to take charge of it, we need to understand the correlations, regularly optimize existing structures and actively participate in new technologies. Only those who keep track of the whole are capable of acting proactively and secure investments into the information technology and its operation. Therefore, we are committed to developing customized and comprehensive solutions for our customers which are more reliable and efficient today and continue to apply tomorrow.
In the field of Enterprise Infrastructure Solutions, we create the central IT infrastructure in order to operate the corporate applications securely and reliably.

Explanatory notes for the consolidated financial statement for the 2008 fiscal year

Preface

General information

nextevolution Aktiengesellschaft, Hamburg, (“nextevolution“ or “company“) is a joint stock company under German law and the parent company of the following organizations:

- BGS Beratungsgesellschaft Software Systemplanung AG, Mainz (BGS)
- nextevolution management consulting GmbH, Hamburg (nemc)
- qualified developers market GmbH, Hamburg (qdm)
- nextevolution GmbH, Vienna (Austria) (ne Austria)
- Centrum für Ertragsoptimierung Aktiengesellschaft, Mainz (CEO)
- net on Netzwerktechnologien Online GmbH, Mainz (net on)

The parent company and subsidiaries are jointly referred to as “nextevolution group“. nextevolution is listed at the Prime Standard of the Frankfurt Stock Exchange. The company is headquartered in 20457 Hamburg (Germany), Am Sandtorkai 74; the company is registered at the Hamburg district court, commercial registry part B 75529. The services offered by the nextevolution group are divided into the segments “Enterprise Content Management“, “Enterprise Infrastructure Solutions“, “Industries“ and “Public Sector“.

The management board has released the consolidated financial statement IFRS on March 30, 2009 for subsequent forwarding to the supervisory board for review and approval.

Application of the IFRS —basic explanations

The consolidated financial statement of nextevolution per December 31, 2008 is based on section 315a, subsection 1 of the Commercial Code (HGB) in compliance with the International Financial Reporting Standards (IFRS), as they are applicable in the European Union (EU). The provisions set forth in section 315a, subsection 1 HGB are taken into account additionally for the compilation of the consolidated financial statement. All compulsory International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) as well as interpretations of the International Financial Reporting Interpretations Committee (IFRIC) —formerly Standing Interpretations Committee (SIC) —applicable at the balance sheet date were used. The fiscal year of the nextevolution group corresponds to the calendar year. The consolidated financial statement of the nextevolution group compiled for nextevolution as controlling company was created in compliance with standardized balance sheet and evaluation provisions. The consolidated financial statement and the annual statement of nextevolution under

commercial law will be published in the electronic version of the Federal Law Gazette and can be obtained from the company.
The consolidated financial statement is strictly compiled based on the cost method. This excludes derivative financial instruments which were valued at the reconciled actual cash value.

Standards, interpretations and amendments of standards and interpretations used for the first time during the fiscal year.
nextevolution AG has used the following IASB statements for the first time during the fiscal year:

» Amendments concerning IFRS 7 "Financial Instruments: Disclosures" and IAS 39 "Financial Instruments: Recognition and Measurement": "Reclassification of Financial Assets"
» IFRIC 11 "IFRS 2 —Group and Treasury Share Transactions"
» IFRIC 12 "Service Tariff rate quota Arrangements"
» IFRIC 14 "IAS 19 —The Limit in a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

The consolidated financial statement was compiled with the consideration of the amendments concerning IAS 39 "Financial Instruments: Recognition and Measurement" und IFRS 7 "Financial Instruments: Disclosures". The amendments concerning the "Reclassification of Financial Assets" were introduced into European law by the European Union in October 2008. The amendment of IAS 39 allows certain initial financial assets valued at the reconciled actual cash value to be rededicated to a different valuation category. In case of rededication, the amendment of IFRS 7 requires additional information. The amendments entered into force retroactively per July 1, 2008.

The initial application of these statements did not result in any significant impacts on the asset, financial and profit situation of nextevolution.

Published but not yet applied standards, interpretations and amendments
The IASB issued new standards as well as interpretations and amendments for existing standards whose application is not yet compulsory. The following interpretation is compulsory starting in the 2009 fiscal year:

Based on IFRS 8, segment reporting is converted from the so-called risk and reward approach of IAS 14 to the management approach with respect to segment identification. The information regularly provided to the so-called chief operation decision maker is relevant for this purpose. At the same time, the evaluation of the segments is transformed from the financial accounting approach of IAS 14 to the management approach. The application of IFRS 8 is compulsory for fiscal years starting on or after January 1, 2009. The earlier application is permitted. The application of IFRS 8 is not expected to have a significant impact on the reporting of the nextevolution segment reporting.

The IASB published the revised version of the IFRS 2 standard “Share-based Payments —Vesting Conditions and Cancellations“ in January 2008. The amendment of IFRS 2 was adopted into European law by the European Union in December 2008. The main amendments and clarifications include:
“Vesting conditions“ are exclusively “service or performance conditions“ common in the market.
With respect to the balance sheet, the (premature) cancellation of the plan is handled identically, irrespective of whether the cancellation was made by the company itself or the employee. The amendments of IFRS 2 are applicable to the annual reporting periods starting on or after January 1, 2009. The earlier application is permitted. nextevolution is currently reviewing the effects on the reporting of the asset, financial and profit situation resulting from the application of the revised IFRS 2.

The IASB published an amendment of IAS 23 “Borrowing costs“ in March 2008. The amendment of IAS 23 was incorporated into European law by the European Union in December 2008. The main amendment of the standard relates to the cancellation of the option to record third party costs of capital that are allocatable directly to the acquisition, construction or manufacture of a qualified asset directly as an expense. Currently, nextevolution is recording these expenditures directly as expenses. In this respect, a qualified asset is present, if a significant period is required to transform the asset into its intended usable or sellable status. Accordingly, companies are required to capitalize such third party costs of capital as part of the acquisition costs of the qualified assets in the future. The amended standard does not require the activation of third party costs of capital for assets valued at the fair value and for reserves regularly manufactured or produced in large quantities, even if the period until the sellable status is achieved is significant. The standard is applicable for the first time to third party costs of capital for qualified assets whose starting time for the activation is on or after January 1, 2009. nextevolution is currently reviewing the point in time of the implementation of the amendment of IAS 23 and the resulting effects on the reporting of the asset, financial and profit situation or the cash flows of nextevolution.

In June 2008, the IFRIC published the IFRIC 13 interpretation of the “Customer Loyalty Programs“. IFRIC 13 was adopted into European law by the European Union in December 2008. The interpretation deals with the drawing up of a balance sheet and the evaluation of customer retention programs in which the customer receives points (premiums) that allow him to acquire goods or services free of charge or at a reduced rate from the vendor or a third party. Within this context, the question remains whether the premiums represent a debt in connection with a carried out sales transaction or compensation within the meaning of a deposit for a future sales transaction. Pursuant to the now present interpretation, sales revenue must be divided into two components. One part is allocated to the current transaction based on which the premiums materialized. The other part is allocated to the future transaction resulting from the premiums to be redeemed. The part of the revenue allocatable to the previously rendered delivery or performance will be recognized in the income statement. The part of the revenue allocatable to the premium will be recorded as deposit until the premium is redeemed by the customer and the obligation associated with the granting of the premium has been met. The interpretation is applicable to fiscal years starting on or after July 1, 2008. The application of IFRIC 13 is not expected to have a major impact on the reporting of the financial, asset and profit situation of nextevolution.

In September 2007, the IASB published an amendment of IAS 1 "Presentation of Financial Statements: A Revised Presentation". The amendment of IAS 1 was incorporate into European law by the European Union in December 2008. IAS 1 (revised) is using the terms "statement of financial position" (formerly "balance sheet") and "statement of cash flows" (formerly "cash flow statement") and introduces an arithmetic function entitled "statement of comprehensive income". However, the utilization of the new terms is not mandatory. The amendment of IAS 1 requires companies to disclose comparative information for the previous reporting period. Moreover, the revised standard requires the compilation of an additional balance sheet ("statement of financial position") at the beginning of the first reported comparative period if the company has modified the balance sheet or valuation methods or the financial statement retroactively. In addition, any changes of the equity capital based on transactions with shareholders must be reported separately from the changes of the equity capital not based on transactions with shareholders. Profits and expenses must be displayed separately from transactions with owners either in one part of the financial statement ("statement of comprehensive income") or in two parts of the financial statement (a separate "income statement" along with a "statement of comprehensive income"). The components of the "other comprehensive income" must be reported in the "statement of comprehensive income". The sum of the "total comprehensive income" must be displayed. In particular, the innovations include the introduction of a total account which comprises both the return generated in one period as well as the non-realized profits and losses which were formerly reported within the equity capital and which replaces the profit and loss statement in its current form. In addition, a financial statement per beginning of the comparison period will be required aside from the financial statement per balance sheet date and the financial statement per previous reporting date, if the company is retroactively using accounting and evaluation methods, correcting an error or reclassifying and end-of-year item. The new standard will affect the way corporate financial information is published, but not the rate and evaluation of assets and liabilities in the consolidated financial statement. In addition, the amendment of IAS 1 requires the indication of the respective amount of tax on earnings per component of the "other comprehensive income" and the disclosure of the reclassification amounts into "other comprehensive income". Reclassification amounts are the result of the reclassification of amounts formerly recorded in "other comprehensive income" into "profit or loss". In addition, amounts recorded as distributed dividends and corresponding per share amounts must be disclosed either in the list of changes of the equity capital or in the explanatory notes. The amendment of IAS 1 is applicable to fiscal years starting on or after January 1, 2009. Because the amendment of IAS 1 exclusively relates to the disclosure, no significant impact on the asset, financial and profit situation and the cash flow is expected.

The IASB published a revised version of IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements" in May 2008. The amendments were adopted into European law by the European Union in January 2009. First users are granted a few simplifications in terms of the evaluation of acquisition costs for shares in subsidiaries, jointly managed and associated companies in the individual financial statements pursuant to IFRS. According to the amended IAS 27, it is possible to use the book value of the shares of the current parent company as acquisition costs of a new parent company within the scope of the reorganization of the company group. The amendments are applicable to fiscal years starting on or after January 1, 2009. The application of these standards is not expected to have a significant impact on the disclosure of the financial, asset and profit situation of nextevolution.

As a result of the first “Annual Improvement Process“ project, the IASB published a collective standard relating to the modification of various IFRS in May 2008. This collective standard comprises a variety of minor modifications of existing standards whose realization is considered necessary albeit not urgent. The standard was adopted into European law by the European Union in January 2009. The standard contains regulations relating to:

» Amendments of the accounting methods, amendments with respect to the disclosure, appropriation and valuation.
» Amendments of terms or editorial changes with no or minimal effects on the accounting.

The amendments are applicable to fiscal years starting on or after January 1, 2009. The application of these standards is not expected to have a significant impact on the disclosure of the financial, asset and profit situation of nextevolution.

The amendment of IAS 32 “Financial Instruments: Presentation“ and IAS 1 “Presentation of Financial Statements“ was published by IASB in February 2008. The revised IAS 32 and IAS 1 were adopted into European law by the European Union in January 2009. The amendment relates to the classification of callable financial instruments and obligations which only occur in case of liquidation. Some financial instruments currently classified as liabilities are now reported as equity capital in the profit and loss statement. The amendments are applicable to fiscal years starting on or after January 1, 2009. The application of these standards is not expected to have a significant impact on the disclosure of the financial, asset and profit situation of nextevolution.

The following amendments of standards and interpretations were published by the International Accounting Standards Board (IASB) and the International Reporting Interpretations Committee (IFRIC), but they have not yet been adopted by the European Union:

The IASB published the revised IFRS 3 standards “Business Combinations“ and IAS 27 “Consolidated and Separate Financial Statements“ in January 2008. The standards are the result of the second phase of the project for the accounting reformation for corporate mergers carried out in cooperation with FASB. The revised versions of IFRS 3 and IAS 27 have not yet been adopted into European law by the European Union. The main changes compared to the previous version of IFRS 3 can be summarized as follows:

With respect to the financial treatment of minority shares, the new version of IFRS 3 provides an option for the valuation at the reconciled actual cash value or the prorated identifiable net asset. This option can be exercised individually for every corporate merger. With respect to successive corporate acquisitions, a re-evaluation affecting the operating result for pre-existing shares of the acquired company will be carried out at the time the possession takes effect. The goodwill will subsequently be determined as difference between the re-evaluated book value of the shares plus purchase price payments for the acquisition of the new shares less acquired net assets. Ancillary acquisition costs will be recorded as expenses in the future. The adjustment of the goodwill in the subsequent evaluation is no longer possible for potential adjustments of the acquisition costs depending on future events (contingent consideration) which have to be recorded as liabilities at the time of the acquisition. Based on the new version of IFRS 3, effects in connection with the conduct of the business transactions which were already in existence before the corporate merger must not be included in the determination of the counter performance for the merger.

In contrast to the current version, the revised version of IFRS 3 governs the appropriation and valuation of rights that were granted to another company prior to the corporate merger and which are now financially re-acquired within the scope of the merger (reacquired rights). The main changes compared to the previous version of IAS 27 can be summarized as follows:

Changes of the participation quote without loss of the control will be recorded exclusively as equity share transaction. In case of loss of control of a subsidiary, the consolidated assets and liabilities will be written off. The new regulation requires that a remaining investment in the former subsidiary will be valued at the reconciled actual cash value at the first appropriation and that the resulting differences will be recorded with an effect on the net income. If the losses associated with the minority shares exceed the ratio of the minorities in the equity capital of the subsidiary, they will be added to the minority shares in spite of the resulting negative balances. The new version of IFRS is prospectively applicable to corporate mergers whose acquisition date is within the annual reporting period starting on or after July 1, 2009. The earlier application is permitted, but limited to annual reporting periods starting on or after June 30, 2008. The amendments of IAS 27 are applicable to annual reporting periods starting on or after July 1, 2009. The earlier application is permitted. However, the earlier application of one of the two standards requires the simultaneous earlier application of the respective other standard. Because the two revised standards relating to IFRS 3 and IAS 27 are only prospectively applicable, the asset, financial and profit situation will only be affected for future corporate mergers or future acquisitions or sales of minority shares.

In July 2008, the IFRIC published the IFRIC 15 interpretation “Agreements for the Construction of Real Estate“. The European Union has not yet adopted IFRIC 15 into European law. IFRIC 15 governs the accounting of sales revenue and the associated expenses for companies who establish real estate and sell it prior to completion. IFRIC 15 is applicable to fiscal years starting on or after January 1, 2009. The application of these standards is not expected to have a major impact on the disclosure of the financial, asset or profit situation of nextevolution.

In July 2008, the IFRIC published the IFRIC 16 interpretation “Hedges of a Net Investment in a Foreign Operation“. The European Union has not yet adopted IFRIC 16 into European law. IFRIC 16 comprises the regulations concerning the accounting of net investments into a foreign operation. IFRIC 16 defines where the hedging activity within the corporate group can be held and what can be classified as hedgeable risk. The application of hedge accounting is only relevant with respect to exchange rate-related conversion differences between the functional currency of the foreign subsidiary and the functional currency of the parent company. The hedging instrument can be held by every corporate company except for the foreign subsidiary itself. The prerequisite is that the requirements concerning the designation, documentation and effectiveness pursuant to IAS 39.88 are met. IFRIC 16 is applicable to the fiscal years starting on or after October 1, 2008. The application of this standard is not expected to have a significant impact on the disclosure of the financial, asset and profit situation of nextevolution.

In July 2008, the IASB published an amendment of IAS 39 “Financial Instruments: Recognition and Measurement“. The amendment of IAS 39 has not yet been adopted into European law by the European Union. The amendment “Eligible Hedged Items“ substantiates that cash flow or fair value changes of a basic transaction above or below a certain price or any other variable alone can be designated as hedge. The amendment of IAS 39 is applicable to fiscal years starting on or after July 1, 2009. The provisions must be applied retrospectively. The amendment of the standard is not expected to have a significant impact on the disclosure of the asset, financial and profit situation and the cash flow of nextevolution.
In November 2008, the IFRIC published the IFRIC 17 interpretation “Distribution of Non-Cash Assets to Owners“. IFRIC 17 has not yet been adopted into European law by the European Union. The interpretation relates to the appropriation and valuation of liabilities in connection with distributions in the form of property dividends (e.g. fixed assets) and clarifies the question how the potential difference between the book value of the distributed assets and the book value of the paid-out dividend should be entered in the balance sheet. IFRIC 17 is applicable to fiscal years starting on or after July 1, 2009. The application of IFRIC 17 is not expected to have a significant impact on the disclosure of the asset, financial and profit situation or the cash flow.

In January 2009, the IFRIC published the IFRIC 18 interpretation “Transfer of Assets from Customers“ which supplies additional information about the reporting procedure for the transfer of assets by a customer. IFRIC 18 has not yet been adopted into European law by the European Union. The interpretation clarifies the IFRS requirements for agreements in which a company obtains fixed assets (e. g. means of payment exclusively used for the acquisition or production of corresponding fixed assets) from a customer, which the company is obligated to use either to connect the customer with a performance network and/or to provide the customer with permanent access to the supply with goods or services. IFRIC 18 is prospectively applicable to transactions taking place on or after July 1, 2009. The earlier application is permitted under certain conditions. The application of IFRIC 17 is not expected to have a significant impact on the disclosure of the asset, financial and profit situation or the cash flow.

Execution of discretionary power by the management and main sources of evaluation uncertainties

The compilation of the consolidated financial statement involves a certain degree of assumptions and estimates which had an effect on the amount and disclosure of the assets and liabilities, revenue and expenses as well as the potential liabilities of the reporting period entered in the balance sheet. They essentially relate to the assessment of the value of intangible assets, the uniform corporate definition of economic usage terms for fixed and intangible assets as well as the accounting and evaluation of provisions. The assumptions and estimates are based on premises rooted on the currently available knowledge. The expected future business development was based in particular on the circumstances at the time the consolidated financial statement was compiled as well as the realistically presumed future developments of the environment. The actual amounts may deviate from the originally expected estimates due to developments of these framework conditions outside the influence of the management which differ from the assumptions. Our estimates are based on experience and other assumptions deemed applicable under the given circumstances. The estimates and assumptions are reviewed regularly.

The evaluation of the financial worth of the tangible fixed assets and intangible assets is associated with estimates for the determination of the reconciled actual cash value at the time of the acquisition if they were acquired within the scope of a corporate merger. In addition, the expected useful life of the assets will be estimated. The determination of the reconciled actual cash values of assets and liabilities as well as the useful life of the asset values is based on management evaluations.

Within the scope of the determination of the depreciation in value of the tangible fixed asset and intangible asset values, we also carry out estimates relating for example to the cause, time and amount of the depreciation in value. Depreciation in value is based on a variety of factors. In principle, changes of the current competitive conditions, expectations with respect to the growth of the IT industry, increases of the costs of capital, changes of the financial resources available in the future, technological obsolescence, discontinuation of services, current reacquisition costs, purchase prices paid for comparable transactions and other changes relating to the environment which indicate a reduction of the value, will be taken into account. Normally, the realizable amount and the actual cash values are determined with the use of the “Discounted Cash Flow“ method combined with reasonable assumptions from market participants. The identification of evidence that points to a depreciation in value, the estimate of future cash flows as well as the determination of the actual cash values of assets (or asset groups) are associated with significant estimates made by the management with respect to the identification and review of signs of a depreciation in value, expected cash flows and applicable interest rates, the respective useful lives as well as the residual values. If the demand for these products and services fails to develop as expected, it would reduce the revenue and cash flows and potentially result in expenses for the depreciation in value in connection with the depreciation of these investments to their actual cash values. This could have a negative effect on the future profit situation.

The determination of the achievable amount of a payment instrument-generating unit is associated with management estimates. The methods used to determine the actual cash value less sales costs include methods based on discounted cash flows and methods using listed market prices as basis. The main assumptions used as basis to determine the actual cash value less sales costs by the management include assumptions relating to the turnover development, customer acquisition, investment costs and the number of customers. These estimates, including the applied methods can have a significant impact on the determination of the actual cash values as well as ultimately on the amount of the depreciations on the goodwill.

Estimates and assumptions associated among other things with a considerable risk in the form of a significant adjustment of the book values of assets and liabilities within the next fiscal year are discussed below:

» Acquired customer relationships are written off over three to twelve years based on experience values
» Acquired and home-made software is written off over four to ten years
» Acquired brands are written off over five to fifteen years
» Within the scope of the recoverability test during the evaluation of goodwill and company values, future developments were forecast based on experience and market analyses
» Rate and assessment of the provisions are based on experience and justified assumptions.

The risk of possible losses as a result of customer insolvency was taken into account with the formation of value adjustments on questionable receivables. The receivables were examined separately and evaluated for depreciation in value by the management. In this context, mainly knowledge about the actual or impending customer insolvency was taken into account. If the financial situation of the customers deteriorates, the amount of actual future depreciation in values may be different.

Taxes on income will be estimated for every tax jurisdiction in which the company groups is active. The expected actual taxes on income will be calculated for every taxable subject and the temporary differences resulting from the different treatment of certain balance sheet items between the consolidated financial statement IFRS and the financial statement under tax law will be evaluated. To the extent temporary differences are present, these differences will strictly result in the appropriation of active and passive deferred taxes in the consolidated financial statement. The management is required to make judgments when calculating actual and deferred taxes. Active deferred taxes are apportioned at the rate they can likely be utilized. The utilization of active deferred taxes depends on the possibility to generate sufficient taxable income within the scope of the respective tax type and tax jurisdiction, where possible legal limitations with respect to the maximum loss carry-forward period will be taken into account. A variety of factors, such as the profit situation in the past, operational plans, loss carry-forward periods and tax plan strategies will be used to evaluate the probability of the future availability of active deferred taxes. If the actual revenue deviates from these estimates or if these estimates need to be adjusted in future periods, this may have a significant impact on the asset, finance and profit situation. If the recoverability evaluation for active deferred taxes changes, the apportioned active deferred taxes will be depreciated affecting net income or not affecting net income and value-adjusted active deferred taxes will be capitalized affecting net income or not affecting net income —in accordance with the original formation.

With respect to the appropriation and evaluation of provisions, the management will make assumptions with respect to the occurrence probability and quantification of the possible amount of the payment obligation. A reserve was formed for imminent losses associated with pending transactions, because the loss is likely and can be estimated reliably. The appropriation of the reserve for process risks was carried out due to a pending procedure under labor law. The evaluation of the success of this pending law suit is based on management estimates. The accrual for statutory safekeeping duties is based on assumptions about the required space for the archiving of business documents required by law. Changes in the evaluation of the facts the provisions are based on will affect the profit situation of the company group.

Currency

The consolidated financial statement was compiled in Euros. To increase the informational value, some of the amounts in the financial statement are rounded to thousand EUR (TEUR) or million EUR (m. EUR).

Key date for the compilation

The consolidated financial statement was compiled per key date of the annual financial statement of the nextevolution parent company on December 31. The annual financial statements of the companies included in the consolidated financial statement are compiled per key date of the nextevolution annual financial statement.

Corporate mergers in 2007

During the 2007 fiscal year, nextevolution acquired shares of the following companies:

- BGS Beratungsgesellschaft Software Systemplanung AG (BGS), Mainz and net on Netzwerktechnologien Online GmbH, Mainz (net on):

  nextevolution AG acquired 90% of BGS shares per June 1, 2007. The total purchase price for BGS Beratungsgesellschaft Software Systemplanung AG was 4,305.00 TEUR, of which 52.00 TEUR were ancillary acquisition costs. The purchase price was divided into three installments. Payment of the first installment in the amount of 2.8 m. EUR was made in June 2007, payment for the second installment in the amount of 715.0 TEUR on March 31, 2008 and payment for the third installment in the nominal amount of 715.00 TEUR was made on January 31, 2009.

  BGS in turn holds 51 % of net on shares. nextevolution carried out this transaction with the goal of supplementing and strengthening own core competences such as IT consulting and system integration with the BGS performances. In addition, sales synergies are generated as a result of the merger, because the customer circles of these two companies do not overlap. In addition, the possibility to exchange employees exists, allowing the company to benefit from existing know-how and to replace externally sourced project performances with BGS employees prior to the transaction. The shares were acquired in the form of a share deal and resulted in the parent-subsidiary relationship.

The corporate merger with BGS / net on generated goodwill in the amount of 1,397.00 TEUR. The goodwill was mainly the result of positive profit expectations in the future, expected cost savings as a result of synergy effects and the non-existing appropriation capacity of the acquired employee workforce. As “assembled workforce”, the employee workforce did not meet the appropriation criteria as intangible asset. Liquid assets in the amount of 793.00 TEUR were taken over with the acquisition of BGS / net on.

The actual cash values of the assets and liabilities acquired from BGS / net on apportioned at the acquisition date of June 1, 2007 as well as their book values immediately prior to the corporate merger are illustrated in the table below:

(All figures in TEUR)	BGS / neton Book values before acquisition	Adjustments	Attributable current market value at the time of acquisition
Assets			
Short-term assets			
Cash on hand and cash in banks	793	0	793
Inventory stocks	456	0	456
Other short-term assets	2,246	0	2,246
	3,495	**0**	**3,495**
Long-term assets			
Other intangible assets	19	1,727	1,746
Property, plant and equipment	723	0	723
Other active deferred taxes	326	0	326
	1,068	**1,727**	**2,795**
Assets	**4,563**	**1,727**	**6,290**
Liabilities and shareholders' equity			
Short-term debt			
Short-term financial debt	70	0	70
Other short-term liabilities	2,256	0	2,256
	2,326	**0**	**2,326**
Long-term debt			
Other passive deferred taxes	0	585	585
	0	585	585
Debt	**2,326**	**585**	**2,911**
Net equity	**2,237**	**1,142**	**3,379**
Attributable net equity			**2,908**
Goodwill from company acquisition			1,397
Purchase price			**4,305**
Purchase price liabilities			1,373
Purchase price in cash (incl. ancillary acquisition costs)			2,932
Obtained liquid means			793
Cash drain due to company acquisition			**2,139**
Purchase price in cash (without ancillary acquisition costs)			2,818
Ancillary acquisition costs in cash			114
Purchase price in cash (incl. ancillary acquisition costs)			2,932
Purchase price liabilities			1,373
Total acquisition costs			4,305
Attributable net equity			-2,908
Goodwill from company acquisition			**1,397**

Within the scope of the purchase price allocation pursuant to IFRS 3, the brand “BGS“, the acquired contractual customer relationships of the business segments defense, government, media and technology and the software KISS and COSMOL.net developed by BGS as well as the brand “net on“, the acquired contractual customer relationships of net on and the software time@web developed by net on were identified as not yet recorded intangible assets requiring a separate entry in the balance sheet.

The acquisition costs of the acquired contractual customer relationships per June 1, 2007 amounted to 647.0 TEUR. Based on the existing orders on hand, the depreciation period was set to two to twelve years. The value of the “BGS“ brand was 334.0 TEUR as of the key date of June 1, 2007 and will be depreciated over 15 years. The internal invoicing system KISS acquired within the scope of the business combination had a fair value of 149.0 TEUR and will be depreciated over eight years. The acquired software COSMOL.net is a tool for rule-based updating of user programs developed with Microsoft technologies. The fair value at the acquisition date was 357.0 TEUR. The software will be depreciated over ten years.

The value of the “net on“ brand was 46.0 TEUR as of the key date of June 1, 2007 with a useful life of five years. The acquisition costs for the acquired contractual customer relationships of net on as of June 1, 2007 amounted to 49.0 TEUR. Based on the existing orders in hand, the depreciation term was set to between three and ten years. The acquired internal time registration system time@web had a fair value of 146 TEUR per June 1, 2007 and will be depreciated over eight years.

The corporate turnover for 2007 increased by 8,438.3 TEUR thanks to the acquisition. If the corporate merger had happened as early as January 1, 2007, the corporate turnover for 2007 would have been 3,119.9 TEUR higher.

The corporate annual surplus for 2007 contains a surplus in the amount of 1,001.8 TEUR due to the acquisition. The corporate annual surplus for 2007 would have been -808.7 TEUR lower if the corporate merger had been carried out as early as on January 1, 2007.

- Centrum für Ertragsoptimierung Aktiengesellschaft, Krefeld (CEO)

Pursuant to section 4 subsection 3 of the nextevolution articles of association dated July 12, 2007, the management board is authorized to increase the capital stock of the company once or several times but by no more than a total of 500,000.00 EUR (approved capital for 2007) until July 11, 2012 with the consent of the supervisory board by issuing new no-par bearer shares against contributions in cash or in kind. With the consent from the supervisory board, the management board is authorized to exclude the right to acquire shares by shareholders among other things if the capital is increased against contributions in kind and is used to acquire companies, parts of companies or shares.

Based on this authorization, the management board acquired 64.8% of CEO shares per October 1, 2007, by increasing the nextevolution capital stock against contributions in kind in the amount of 1,000,000.00 EUR by 77,860.00 EUR to 1,077,869.00 EUR with the issue of 77,869 new no-par bearer shares. The par value per share was 12.20 EUR and the total par value was 950,001.80 EUR. In this context, the shareholders' right to acquire shares was excluded and die CEO-NE-Aktientausch Gesellschaft under civil law was admitted as new CEO shareholder against the contribution of a majority participation. In this context, CEO-NE-Aktientausch GbR contributed 59,006 CEO shares, secured by a new CEO global certificate to nextevolution to fulfill its contribution requirement in connection with the subscription and acquisition of the 77,869 new shares of the nextevolution capital increase.

With the acquisition of a majority participation in CEO, nextevolution significantly expanded the existing business in the real estate management market segment, while at the same time completing the thematic range of its performances for a better coverage of the consulting needs of customers. The acquisition was in line with the consistently pursued goal of a vertical positioning and the growth strategy of nextevolution AG. With the nextevolution shares to be acquired, CEO-NE-Aktientausch GbR achieved a minority participation of less than 8%. The contribution in kind was made at reasonable conditions. Based on the expert opinion compiled by Franz Reissner Treuhandgesellschaft mbH Wirtschaftsprüfungsgesellschaft appointed by the Hamburg commercial registry, the value of the contribution in kind corresponds to the actual value of the new shares and no dilution of the shareholders' assets occurred as a result.

The corporate merger with CEO results in a goodwill in the amount of 204.0 TEUR. The goodwill is mainly the result of positive profit expectations in the future, expected cost savings as a result of synergy effects and the non-existence of the appropriation capacity of the acquired employee workforce. As "assembled workforce", the employee workforce did not meet the appropriation criteria as intangible asset. With the acquisition of CEO, liquid assets in the amount of 156.0 TEUR were taken over. The actual cash values of the assets and liabilities acquired from CEO as well as their book values immediately prior to the corporate merger are illustrated in the table below:

(All figures in TEUR)	CEO Book values before acquisition	Adjustments	Attributable current market value at the time of acquisition
Assets			
Short-term assets			
Cash on hand and cash in banks	156	0	156
Inventory stocks	15	0	15
Other short-term assets	1,689	0	1,689
	1,860	**0**	**1,860**
Long-term assets			
Other intangible assets	0	2,063	2,063
Property, plant and equipment	7	0	7
Other active deferred taxes	414	0	414
	421	**2,063**	**2,484**
Assets	**2,281**	**2,063**	**4,344**
Liabilities and shareholders' equity			
Short-term debt			
Other short-term debt	2,332	0	2,332
	2,332	**0**	**2,332**
Long-term debt			
Other passive deferred taxes	0	644	644
	0	644	644
Debt	**2,332**	**644**	**2,976**
Net equity	-51	1,419	**1,368**
Attributable net equity			**886**
Goodwill from company acquisition			204
Purchase price			**1,090**
Capital increase for contribution in kind			950
Purchase price in cash (incl. ancillary acquisition costs)			140
Obtained liquid means			156
Inflow of liquid means due to the company acquisition			**16**
Ancillary acquisition costs in cash			140
Capital increase for contribution in kind			950
Total ancillary acquisition costs			1,090
Attributable net equity (share 64,8%)			-886
Goodwill from company acquisition			**204**

Within the scope of the purchase price allocation pursuant to IFRS 3,the software products VE-works and reload were valued in the amount of 1,059.0 TEUR and the acquired customer relationships in the amount of 1,003.0 TEUR. The depreciation term was set to 4.25 years in accordance with the existing orders in hand.

The corporate turnover for 2007 increased by 2,366.2 TEUR due to the acquisition. If the corporate merger had taken place as early as on January 1, 2007, the corporate turnover for 2007 would have been 4,781.4 TEUR higher. Due to the acquisition, the corporate annual surplus for 2007 contains a surplus in the amount of 376.1 TEUR. The corporate annual surplus for 2007 would have been 821.7 TEUR higher if the corporate merger had taken place as early as on January 1, 2007.

Basis of consolidation

Including the nextevolution parent company, seven companies are fully consolidated in the consolidated financial statement of nextevolution:

- nextevolution Aktiengesellschaft, Hamburg (nextevolution) (parent company)
- BGS Beratungsgesellschaft Software Systemplanung AG, Mainz (BGS) (shareholding per 12-31-2008: 100.00 %) [1])
- net on Netzwerktechnologien Online GmbH, Mainz (net on) (BGB shareholding per 12-31-2008: 51.00 %)
- nextevolution management consulting GmbH, Hamburg (nemc) (shareholding per 12-31-2008: 100.00 %)
- qualified developers market GmbH, Hamburg (qdm) (shareholding per 12-31-2008: 100.00 %)
- nextevolution GmbH, Vienna (ne Austria) (shareholding per 12-31-2008: 100.00 %)
- Centrum für Ertragsoptimierung AG, Mainz (CEO) (shareholding per 12-31-2008: 64.80 %)

[1]) Per 12-31-2008, nextevolution was holding 90% of the shares. At that time, BGS was holding 10% of own shares.

Consolidation methods

The consolidated financial statement is based on the financial statements of the companies integrated in the company group compiled in accordance with uniform rules and with the use of IFRS per December 31, 2008. According to IFRS, any corporate mergers must be disclosed according to the acquisition method. The purchase price of the acquired subsidiary is distributed to the acquired assets, liabilities and potential liabilities. The values at the time the control of the subsidiary was acquired are relevant in this respect. Irrespective of the amount of the participation, the apportionable assets and acquired liabilities and potential liabilities will be evaluated at the full amount of their actual cash value. The remaining difference on the asset side is apportioned as goodwill. Goodwill and company values will be subject to a recoverability test at least once a year which may result in the need for depreciation (impairment-only approach). Profits and expenses of a subsidiary are included in the consolidated financial statement as of the acquisition date. Profits and expenses of a subsidiary will remain included in the consolidated financial statement until the day the control through the parent company ends. Expenses and profits, receivables and liabilities as well as operating profits between the companies included in the consolidated financial statement will be eliminated. No negative minority shares will be formed. They will be offset against the corporate equity capital.

Summary of important accounting and evaluation principles

Intangible assets —general information

Intangible assets are valued with their acquisition or manufacturing costs when they are acquired. Intangible assets are reported if it is likely that the future economic benefit allocatable to the asset will be accrued to the company and the acquisition or manufacturing costs of the asset can be assessed reliably.

For intangible assets, we first need to determine whether they have a definable or indefinable useful life. Intangible assets with a definable useful life are depreciated via economic useful life and analyzed for the possible depreciation in value any time there is evidence that the value of the intangible asset may have been reduced. The depreciation date and method will be reviewed by the end of every fiscal year.

Intangible assets with a definable useful life include:

Acquired intangible assets and acquired customer relationships

The acquisition costs for new software will be capitalized and are deemed an intangible asset unless these costs are an integral component of the associated hardware. Software is depreciated linearly over a period of four to ten years. Costs accrued to maintain the original economic use of existing software systems will be recorded as expense if the work is performed for maintenance purposes.

Customer agreements identified within the scope of the purchase price allocation of corporate mergers are depreciated over the projected contract term of three to twelve years, acquired brands over the projected useful life of five to fifteen years.

Self-generated intangible assets

Development costs will be capitalized provided they meet the following criteria in addition to the general conditions for the appropriation and evaluation:

- The technical viability of the software is demonstrable.
- There is an intention to complete the corresponding software.
- The company group is in the position to use or sell the software.
- The existence of a market for the software is demonstrable.
- Sufficient technical, financial and other resources are available to complete the respective software development.
- The corresponding software is clearly and unambiguously defined; the corresponding costs can be allocated unambiguously and determined reliably.

The manufacturing costs include any costs directly allocatable to the manufacturing process as well as reasonable ratios of the production-related overhead costs. Financing costs are not capitalized. Capitalized development software costs are depreciated linearly over the estimated useful life of four years. The depreciation method and terms reflect the economic utilization process of the assets for the company.

Intangible assets with an indefinable useful life:

Goodwill or company value

Goodwill or company values developed within the scope of corporate mergers represent the surplus of acquisition costs of a corporate acquisition via a share of the company group in the actual cash value of the identifiable assets and liabilities of a subsidiary at the time of the acquisition.
Pursuant to IFRS 3, goodwill is not systematically depreciated. Instead, it will be subject to an impairment test pursuant to IAS 36 (value depreciation of assets) annually and additionally in case of a corresponding indication and depreciated to the achievable amount, if applicable. For the purpose of the recoverability test, the goodwill or company value will be distributed to payment instrument-generating units. To the extent the book value of the payment instrument-generating unit the goodwill was allocated to exceeds the achievable amount, the value of the goodwill allocated to this payment instrument-generating unit is reduced and needs to be depreciated by the amount of the difference. Depreciations in value of the goodwill may not be reversed. The achievable amount of a payment instrument-generating unit will be determined based on its value in use. The value in use is calculated with the Discounted-Cash-Flow method (DCF). These DCF calculations are based on forecasts concerning five-year budgets approved by the management. Every depreciation in value is immediately recorded affecting net income. No value recovery will take place later.

Tangible fixed assets

Fixed assets are reported at their acquisition or production costs less accumulated depreciation and accumulated depreciation in values. If fixed assets are sold or eliminated, their acquisition or production costs as well as their accumulated depreciation and depreciations in value are eliminated from the balance sheet and their profit or loss resulting from the sale recorded in the profit and loss statement. The original acquisition or production costs of fixed assets consist of the purchase price including import duty and non-refundable tax on income as well as all directly allocatable costs required to achieve the operational status of the asset and to bring it to the location of the intended use. Expenses accrued after the start of the useful life (e.g. maintenance, repair and reconditioning costs) are usually reported affecting net income in the period in which the costs were accrued. If expenses generate an additional future economic benefit which expectedly results from the utilization of an object of the tangible fixed assets beyond the originally calculated scope of performances, these expenses will be capitalized as subsequent costs of the fixed assets. Depreciations will be calculated linearly based on the following estimated useful life:

- Technical equipment:
  3-10 years
- Office and business equipment:
  3-15 years

The applied useful life and depreciation methods are reviewed in every period to ensure that the depreciation method and depreciation term correspond to the expected economic utilization involving objects of the tangible fixed assets. The book values of the fixed assets are reviewed for depreciation in value as soon as there is an indication that the book value exceeds its realizable amount. The objects of the tangible fixed assets are not subject to a restraint on disposal.

Depreciation in value of assets

Fixed assets and intangible assets with a limited useful life are reviewed with respect to a depreciation in value any time there is an indication based on events or changes of the circumstances that the book value would not be realizable and annually for goodwill and company values as well as for the not yet utilizable intangible assets. If the book value of an asset exceeds its realizable amount, expenses for the depreciation in value affecting net income will be reported for fixed assets and intangible assets which were apportioned at acquisition or manufacturing costs. The realizable amount is the higher amount of the actual cash value less sales costs and use value. The actual cash value less sales costs is the amount realizable with the sale of the asset with a transaction common in the market after deducting the sales costs, while the use value refers to the cash value of the estimated future cash flow expected as a result of the continuous use of an asset and its cash-out at the end of the useful life. The realizable amount is estimated for an individual asset, or, if this is not feasible, for the superordinate payment instrument-generating unit. If there is evidence that a depreciation in value is no longer present or has decreased, this write-up all the way to the continuous acquisition costs will be reported as profit in the profit and loss statement. Costs for the depreciation in value reported for the goodwill or company value will not be made up in the subsequent reporting periods.

Leasing

The determination whether an agreement contains a leasing relationship is made based on the economic content of the agreement at the time it is executed and requires the evaluation, whether the fulfillment of the contractual agreement depends on the use of a certain asset or certain assets and whether the agreement is granting the right to use of the assets. Assets used by the group as lessee for which the main economic opportunities and risks remain with the lessor are not reported as operating lease in the balance sheet. According to IAS 17, a sales and lease back agreement is classified according to the general leasing criteria and entered in the balance sheet accordingly. The lessee is handling a capital gain depending on the classification of the underlying lease agreement. All lease-related transactions were classified as operating lease. Lease payments for operating lease are reported as expenditures for the duration of the lease agreement.

Long-term assets and divestiture groups held for divestiture

Long term assets and divestiture groups held for divestiture are classified as such if the associated book value is realized mainly with a divestiture transaction as opposed to continuous use. These assets are valued at the lower value comprising the book value or actual cash value less divestiture costs and are classified as long-term assets held for divestiture. These assets are no longer depreciated according to schedule. A depreciation in value for these assets is strictly only recorded if the actual cash value less divestiture costs is lower than the book value. In the case of a subsequent increase of the actual cash value less divestiture costs, the previously recorded depreciation in value will be reversed. The write-up is limited to the depreciation in value previously recorded for the respective assets. If the conditions for the classification of assets held for divestiture are no longer met, these assets will no longer be reported as held for divestiture. The assets will be valued at the lower value of the book value which would have been generated if the assets would not have been classified as held for divestiture and the realizable amount at the time the conditions for classification as held for divestiture are no longer met.

Acquisition of minority shares

The acquisition of minority shares is entered in the balance sheet according to the so-called unit theory. The positive difference between the purchase price and the book value of the acquired prorated net worth is recorded as reduction in equity capital in the surplus reserve.

Inventory stocks

Inventory stocks are apportioned with the lower value comprising the acquisition and manufacturing costs and the net divestiture value as well as taking into account the value adjustment for limited usability, if applicable. The net divestiture value corresponds to the sales price in connection with the regular course of business less costs for the completion and sales costs. The acquisition or production costs are essentially determined based on the weighted average costs. For unfinished performances, the costs include the fixed and variable overhead expenses to be included.

Receivables for deliveries and performances as well as other short-term receivables

Initially, receivables for deliveries and performances are apportioned at the actual cash value and subsequently valued at the continuous acquisition cost less depreciation in value, if applicable. The depreciation in value is carried out in the form of individual value adjustments and makes reasonable allowances for the expected default risks; actual defaults result in the write-off of the respective receivables. The required determination of expected future cash flow takes into account the contractually provided payment flows in addition to historic default experiences. The depreciation in value of receivables for deliveries and performances is in part carried out with the use of adjustment accounts. The decision about whether a default risk will be considered by means of an adjustment account or with a direct reduction of the receivables depends on the reliability of the evaluation of the risk situation. The amount of the depreciation in value is the difference between the book value of the receivables and the cash value of the estimated future cash flow resulting from these receivables, discounted by the effective interest rate. The depreciation in value is reported affecting net income. If the reasons for value adjustments made in earlier periods are no longer present, corresponding write-ups will be carried out. The book value of the receivables for deliveries and performances corresponds to the actual cash value.

Payment instruments and payment instrument equivalents

Payment instruments and payment instrument equivalents consist of cash in hand and credit balances at credit institutions and are recorded in the balance sheet at the nominal value.

Equity capital

Equity shares are classified as equity capital. Costs directly associated with the issue of new shares are recorded in the balance sheet of the equity capital net after tax as deduction of emission revenue. During the 2008 fiscal year, the changes of the market value of the financial instrument qualified as cash flow hedge were recorded (net) in the equity capital.

Financial debts

Financial debts are recorded at the actual cash value less transaction costs for the first time. Within the scope of the follow-up evaluation, they are valued pursuant to the effective interest method at continuous acquisition costs, where the interest expenses are recorded according to the effective interest rate.

Provisions

Provisions are only reported if the company has a current (statutory or factual) obligation due to a past event, if it is likely that the compliance with the obligation will result in the loss of resources and the amount of the obligation can be determined reliably. Provisions are reviewed by every accounting key date and adjusted to the best updated estimate. If the fulfillment deadline of the obligation has a significant impact on interest, the provisions will be entered in the balance sheet at cash value. If no reliable estimate is possible in the individual case, no provisions will be formed; instead a potential liability will be reported.

Obligations for deliveries and performances as well as other original financial debts

After the first registration at fair value, all obligations for deliveries and performances as well as other original financial debts which are not considered derivative obligations will be evaluated at the continuous acquisition costs according to the effective interest method.

Derivative financial instruments

Derivative financial instruments are used to secure the interest rate risk. Derivates are neither held nor emitted for speculation purposes. Derivative financial instruments are apportioned with the actual cash value when recorded first. The follow-up evaluation will also be based on the actual cash value. The actual cash value of traded derivative financial instruments corresponds to the market value. This value can be positive or negative. If no market values are available, the actual values will be calculated using recognized financial mathematical models. To control the risk associated with interest rate changes, interest derivatives are used in the company group. If an effective security relationship pursuant to IAS 39 exists, the security correlation will be entered into the balance sheet as such. If no hedge accounting is present, the changes in the actual cash values of the derivative financial instruments are immediately recorded affecting net income. The interest derivatives used by nextevolution AG are classified as cash flow hedge. Cash flow hedges are used to secure future payment flows from liabilities apportioned in the balance sheet opposite credit institutions against interest rate fluctuations. If a cash flow hedge is present, the effective part of the value change of the security instrument will be recorded not affecting net income in the equity capital until the result from the secured basic transaction is recorded; the ineffective part of the value change of the security instrument will be recorded affecting net income. Existing hedges are regularly monitored for their effectiveness. The term of used financial instruments is 60 months.

Share-based compensation

In compliance with IFRS 2, services rendered by employees who are compensated by the existing share option programs are recorded as expenses. The share-based compensation is a form of compensation in which employees receive equity capital instruments for their services (equity-settled share-based payments). The share options were all adopted in the 2006 fiscal year. For equity-settled share-based payments, the human resources costs will indirectly be valued at the actual cash value at the time of the covenant. After that, the expenses at the time the share options are issued will be determined by means of the actual value of the granted rights determined with the Black-Scholes option price model and set off against the capital reserve. The share-based compensation model is explained in detail in the other explanations.

Revenue recognition

The sales revenue includes the fair value of the obtained counter performance or the request resulting from activities rendered by the nextevolution group within the scope of the normal course of business. Sales revenue is reported net, i.e. not taking into account sales taxes, set off against credits, rebates and reductions as well as after eliminating the internal turnover, if applicable.

The nextevolution group realizes the corresponding sales revenue at the time the amount of the revenue can be determined reliably, the likelihood of future economic value flow is given and additionally the following specific conditions are met for every activity listed below:

- Sale of licenses

The nextevolution group realizes its sales revenue based on an agreement executed with customers as soon as the license has been delivered to the customer, the sales price is firm or determinable and no significant obligations opposite the client exist and payment for the receivables is considered likely.

- Maintenance

Revenue generated by maintenance agreements is realized linearly on a prorated basis for the term for which it is calculated. Essentially, customers are charged once a year or once every quarter in advance for maintenance agreements and the revenue is consequently realized linearly on a prorated basis distributed across the respective invoicing period.

- Services

Consulting revenue is realized as soon as the service has been rendered. The condition is that the sales price is firm or determinable and payment for the receivables is considered likely.

For production orders, the sales revenue is recorded according to the degree of completion of the corresponding project, provided the conditions are met. The degree of completion is determined according to the cost-to-cost method, by comparing the costs accrued by the balance sheet date for the respective project with the total costs expected for the respective project. The rendered performances (in hours) will be evaluated with the relevant hourly rate. The orders are reported on the assets side; to the extent the degree of completion exceeds the received partial invoices, they will be reported as production orders with a balance on the assets side opposite the customer. There is no evidence of expected losses.

Third party costs of capital

Third party costs of capital are recorded as expenses in the period in which they were accrued.

Foreign currencies

Foreign currency transactions are recorded in the reporting currency by converting the foreign currency amount between the reporting and foreign currency using the exchange rate applicable at the time of the transaction.
Conversion differences resulting from the execution of monetary items at exchange rates that differ from the ones recorded originally during the period are recorded as expense or revenue in the period in which they were accrued.

Taxes on income

Taxes on income include both the actual taxes on income as well as deferred taxes. The taxable revenue (losses) of the associated companies, based on which the income tax payments (refunds) of the reporting period by means of applicable national tax rates are calculated, will be determined taking into account the tax laws of the respective countries in which the companies are active.
Deferred taxes are determined by means of the balance sheet-oriented liability method. Deferred taxes on income reflect the net tax expenses/revenue of temporary differences between the book value of an asset or a liability in the corporate balance sheet and the tax statement. In addition, deferred tax assets are formed for not yet used accumulated deficits in the amount it is expected that

future taxable revenue will be available against which the not yet used tax losses and not yet used tax credits can be offset.

Deferred tax assets and liabilities are assessed based on the tax rates expectedly applicable to the period in which an asset is generated or a debt is paid. The evaluation of deferred tax liabilities and assets takes into account the tax-related consequences likely resulting from the modality of the conversion of temporary differences based on the evaluation at the key date. A deferred tax asset will be entered in the balance sheet for all temporary differences which are relevant with respect to the income tax law in the amount in which it is likely that taxable income will be available against which the temporary difference can be offset.

Contingent liabilities and claims

A contingent liability is defined as a possible obligation whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events, or a current obligation for which payment is unlikely or for which the amount of the obligation can not be reasonably reliably estimated. Companies are strictly prohibited from apportioning contingent liabilities. However, it must be reported if the loss of resources with an economic benefit is not unlikely. Contingent claims are not apportioned in the financial statement. However, they must be reported if the accrual of an economic benefit is likely.

Events after the accounting key date

Events after the accounting key date which supply additional information about the situation of the company relating to the accounting key date will be considered in the balance sheet. Value-generating events occurring after the accounting key date will exclusively be reported in the corporate explanatory notes.

Cash flow statement

The cash flow statement shows how the financial resource fund has changed over the course of the reporting years as a result of resource accruals and losses. In accordance with IAS 7, we distinguish between cash flows generated by current business transactions, investment transactions and financing activities. The financial resources fund reported in the cash flow statement comprises cash balances and credit balances opposite credit institutions.

Segment reporting

Segment reporting classifies the asset and profit situation by fields of activities pursuant to IAS 14. Segment reporting is analogous to the internal reporting of nextevolution group, where the regional development of our business is largely limited to Germany. Therefore, reporting according to the secondary segment of regions does not apply. With the clear focus on industry-neutral topics (Enterprise Content Management (ECM) and business segment Enterprise Infrastructure Solutions (EIS)) and the industrial focus on the segments Private Sector (Industries) and Public Sector as well as internal restructuring, the business segments were in part redefined. This allows the better reporting and control of the internal performance flows and sales processes. Deviating from the former reporting practices, nextevolution is reporting about the following primary business segments:

- Enterprise Content Management (unchanged compared to the 2007 fiscal year)
- Enterprise Infrastructure Solutions (expansion of the former segment "IT-Services" by the business sector Enterprise Infrastructure Solutions newly established on May 01, 2008)
- Industries (combination of the business segments Management Consulting, Real Estate Management and Enterprise Resource Management)
- Public Sector (unchanged compared to the 2007 fiscal year)
- Other / consolidation (unchanged compared to the 2007 fiscal year)

Within the scope of the restructuring of the business segments, the business activities of the reporting segments Management Consulting, Real Estate Management and Enterprise Resource Management were combined into the segment Industries. For comparison purposes, the results of all previous periods were adjusted to the current segment reporting.

The corporate units not allocated directly to one of the operational segments mentioned above are recorded in the segment Other/consolidation. Segment-related assets and debts include all assets and debts allocatable to the operational scope whose positive and negative results define the operating result. The segment investments comprise accruals to intangible and fixed assets. Only directly attributable costs will be considered in the segments when allocating the costs between the individual segments. If the direct attributability is not possible, they will be reported in the segment Other.

Structure of the balance sheet and the profit and loss statement

The balance sheet and the profit and loss statement were structured in accordance with IAS 1. To increase the clarity of the reporting, individual items of the balance sheet and the profit and loss statement are summarized and reported separately in the explanatory notes. To improve the clear arrangement, information requiring endorsement is contained exclusively in the explanatory notes. The profit and loss statement is compiled according to the overall cost method.

Result per share

The undiluted result per share is calculated by dividing the period result allocated to the common stockholders of the parent company by the average number of equity shares in circulation. The diluted result per share takes into account the weighted number of issued share options.

Amendment of the accounting and evaluation methods

The applied accounting and evaluation methods strictly correspond to the methods applied during the previous year.

Defense

Defense business segment during the years of change in the Federal Army.

In the aftermath of the responsibilities to maintain peace in the field of tension between the east and the west, the federal army dealt with years of re-orientation and continuous changes which continue to exist as a major challenge.
These days, as a constantly present partner in various divisions of the federal army, the BGS provides consulting and IT services to the federal army as a contribution to enable it to meet its duties. With its skills acquired over many years and constantly developed further within the context of the changes in processes and organization, BGS designs and implements solutions to support the value added chains by integrating the latest information technology.

		2008 EUR	2007 EUR
1	**Sales**		
	Services	24,347,413.76	20,060,546.04
	Goods	4,974,671.91	4,107,320.37
	Maintenance	3,211,626.81	2,610,558.30
	Others	5,368.07	121,610.34
		32,539,080.55	26,900,035.05
2	**Capitalized costs of self-constructed assets**		
	Proprietary software development	**526,012.90**	658,860.62
3	**Other operating income**		
	Income from setting off of remuneration in kind	127,287.32	82,543.93
	Income from additional revenues	165,103.33	43,707.57
	Others	298,253.31	92,591.38
		590,643.96	218,842.88
4	**Cost of materials**		
	Service	-5,849,383.90	-6,218,879.03
	Maintenance	-1,002,269.95	-1,037,697.93
	Goods		
	Licenses	-1,836,082.65	-695,285.06
	Hardware	-1,864,655.89	-388,854.29
	Others	-12,847.92	-13,032.78
		-3,713,586.46	-1,097,172.13
		-10,565,240.31	-8,353,749.09
5	**Personnel expenses**		
	Wages and salaries	-14,427,580.97	-10,127,404.21
	Social securities	-2,110,096.94	-1,517,652.87
	Pension costs	-192,984.29	-124,288.93
		-16,730,662.20	-11,769,346.01

	2008 EUR	2007 EUR
6 Other operating expenses		
Advertising and travel costs	-1,239,561.02	-1,477,015.67
Third-party service providers	-1,464,879.28	-699,652.10
Space costs	-1,290,956.87	-1,132,321.84
Vehicle costs	-709,255.91	-438,436.13
Telecommunication and office supply	-328,701.69	-321,821.11
Repairs and maintenance	-53,546.09	-39,422.31
Costs of further training	-181,055.39	-224,531.26
Hard and software costs	-249,881.00	-116,126.93
Insurances, fees, dues	-178,782.40	-122,664.20
Leasing	-214,583.22	-215,784.88
Capital market costs	-257,210.32	-364,561.31
Other working capital need	-219,682.46	-8,959.62
Remuneration supervisory board	-49,260.42	-45,446.62
Losses from impairment of value	-502,790.67	-27,780.67
Others	-635,965.69	-86,299.75
	-7,576,112.43	-5,320,824.40

The losses from impairment of value are referring mainly to inventory stocks and accounts receivable.

7 Net interest income

	2008 EUR	2007 EUR
Interest and similar expenses	-287,524.32	-150,284.83
Interest and similar income	19,201.56	58,982.65
Net interest income	**-268,322.76**	-91,302.18

The net interest income results primarily from the utilization of the overdraft facility and the interest for a promissary note bond. In addition, the interest expenses contain an amount of 6.7 TEUR (prev.year: 7.3 TEUR) due to the changes of the market value for the interest cap agreement (cap).
During the reporting period, the interest charge from the application of the annual percentage rate method during the course of the evaluation of long-term financial debt is 16.9 TEUR (previous year: 0.0 TEUR).

8 Depreciation

The depreciation figure of 1.552,2 TEUR (previous year: 1.096,0 TEUR) contains impairment in value for intangible assets in the amount of 46,8 TEUR (previous year: 187,0 TEUR).
Details are shown in the explanations regarding intangible assets.

9 Income tax

	2008 EUR	2007 EUR
Taxes on income and earnings	-47,246.65	-228,406.96
Deferred taxes	-705,818.98	-257,563.95
	-753,065.63	-485,970.91

10 Result per share

a) Undiluted result per share

The undiluted result per share is determined by dividing the current income attributable to the common stockholders of the mother company by the averagely weighted number of the outstanding shares during the reporting year.

	2008 EUR	2007 EUR
Current income by minority interests	-3,696,863.13	28,061.93
Averagely weighted number of common stock	1,077,869.00	1,019,627.00
Undiluted result per share	**-3.43**	**0.03**

b) Diluted result per share

In order to calculate the diluted result per share, the company has to adjust the current income attributable to the common stockholders and the weighted average number of outstanding shares by all diluting effects of potential shares. In 2006, 50,000 shares were issued within the frame of a stock option plan. For the calculation of the dilution effect, an exercise price of 11.00 EUR and an average market price of 6.79 EUR in 2008 and/or 12.77 EUR in 2007 was assumed. The result is a number of diluted potentially outstanding shares in the amount of -31.061,16 in 2008 (previous year: 6.913,98).

	2008 EUR	2007 EUR
Current income by minority interests	-3,696,863.13	28,061.93
Averagely weighted number of common stock	1,046,808.00	1,026,541.23
Diluted result per share	**-3.53**	**0.03**

Asset analysis

The development of the fixed and intangible assets is illustrated in the summary of assets below:

11

All figures in EUR	Acquisition and manufacturing costs				
Development during the period 01/01/2007 to 12/31/2007	Status 01/01	Additions from company acquisitions	Additions	Disposals	Status 12/31
Franchises and similar rights	2,208,344.48	18,925.29	276,673.09	2,283.98	2,501,658.88
Goodwill or company value	84,400.97	1,600,214.93	0.00	0.00	1,684,615.90
Self-generated intangible assets	144,255.00	0.00	658,860.61	0.00	803,115.61
Other intangible assets	0.00	3,789,552.70	0.00	0.00	3,789,552.70
Intangible assets	**2,437,000.45**	**5,408,692.92**	**935,533.70**	**2,283.98**	**8,778,943.09**
Other equipment, operational and office equipment	518,379.13	729,440.54	262,834.97	33,423.34	1,477,231.30
Property, plant and equipment	**518,379.13**	**729,440.54**	**262,834.97**	**33,423.34**	**1,477,231.30**
Status 12/31/2007	**2,955,379.58**	**6,138,133.46**	**1,198,368.67**	**35,707.32**	**10,256,174.39**

All figures in EUR	Acquisition and manufacturing costs				
Development during the period 01/01/2008 to 12/31/2008	Status 01/01	Additions from company acquisitions	Additions	Disposals	Status 12/31
Franchises and similar rights	2,501,658.88	0.00	232,358.22	0.00	2,734,017.10
Goodwill or company value	1,684,615.90	0.00	0.00	0.00	1,684,615.90
Self-generated intangible assets	803,115.61	0.00	526,012.90	0.00	1,329,128.51
Other intangible assets	3,789,552.70	0.00	0.00	0.00	3,789,552.70
Intangible assets	**8,778,943.09**	**0.00**	**758,371.12**	**0.00**	**9,537,314.21**
Other equipment, operational and office equipment	1,477,231.30	0.00	281,844.59	94,043.63	1,665,032.26
Property, plant and equipment	**1,477,231.30**	**0.00**	**281,844.59**	**94,043.63**	**1,665,032.26**
Status 12/31/2008	**10,256,174.39**	**0.00**	**1,040,215.71**	**94,043.63**	**11,202,346.47**

Status01/01	Additions from company acquisitions	Additions depreciation	Additions impairment in value	Disposals	Status 12/31	**31.12.2007**	31.12.2006
Cumulated depreciation / impairment in vale						Book values	
1,394,691.84	0.00	362,874.93	187,048.20	2,283.98	1,942,330.99	559,327.89	813,652.64
0.00	0.00	0.00	0.00	0.00	0.00	1,684,615.90	84,400.97
9,717.81	0.00	47,225.62	0.00	0.00	56,943.43	746,172.18	134,537.19
0.00	0.00	246,432.36	0.00	0.00	246,432.36	3,543,120.34	0.00
1,404,409.65	**0.00**	**656,532.91**	**187,048.20**	**2,283.98**	**2,245,706.78**	**6,533,236.31**	**1,032,590.80**
213,591.23	0.00	252,389.82	0.00	20,513.34	445,467.71	1,031,763.59	304,787.90
213,591.23	**0.00**	**252,389.82**	**0.00**	**20,513.34**	**445,467.71**	**1,031,763.59**	**304,787.90**
1,618,000.88	**0.00**	**908,922.73**	**187,048.20**	**22,797.32**	**2,691,174.49**	**7,564,999.90**	**1,337,378.70**

Status01/01	Additions from company acquisitions	Additions depreciation	Additions impairment in value	Disposals	Status 12/31	**31.12.2008**	31.12.2007
Cumulated depreciation / impairment in vale						Book values	
1,942,330.99	0.00	272,452.02	0.00	0.00	2,214,783.01	519,234.09	559,327.89
0.00	0.00	0.00	0.00	0.00	0.00	1,684,615.90	1,684,615.90
56,943.43	0.00	188,744.61	46,769.96	0.00	292,458.00	1,036,670.51	746,172.18
246,432.36	0.00	699,686.51	0.00	0.00	946,118.87	2,843,433.83	3,543,120.34
2,245,706.78	**0.00**	**1,160,883.14**	**46,769.96**	**0.00**	**3,453,359.88**	**6,083,954.33**	**6,533,236.31**
445,467.71	0.00	344,537.38	0.00	65,771.40	724,233.69	940,798.57	1,031,763.59
445,467.71	**0.00**	**344,537.38**	**0.00**	**65,771.40**	**724,233.69**	**940,798.57**	**1,031,763.59**
2,691,174.49	**0.00**	**1,505,420.52**	**46,769.96**	**65,771.40**	**4,177,593.57**	**7,024,752.90**	**7,564,999.90**

Franchises and similar rights

Franchises and similar rights essentially result from proprietary rights acquired during previous years as well as newly acquired software. Based on management estimates, there is no indication for a depreciation in value deviating from the scheduled depreciation by the accounting key date.

Goodwill or company value

The book values of the goodwill or company value are allocated to the following payment instrument-generating units:

	2008 EUR	2007 EUR
Industries	203.472,69	203.472,69
Public Sector	1.396.742,24	1.396.742,24
Enterprise Content Management	84.400,97	84.400,97
	1.684.615,90	1.684.615,90

The annual recoverability test for the goodwill and company value conducted on 12-31-2008 did not reveal any depreciation in value. The main assumptions for the determination of the use value are growth rates, customer acquisition, costs associated with customer retention and discount interest rate. Considerable future changes in the market and the competitive environment could have a detrimental influence on the value of the payment instrument-generating units.

The EBITDA for 2009 was planned by nextevolution in detail and continued with an average growth rate of 5.0% for the years 2009 to 2013. This plan reflects the experience and assumptions of the management. For the calculation of the tax assessment basis, the EBITDA was reduced by depreciations (excluding PPA-related depreciations) (the equivalent to the carrying amount is given as a result). For simplification purposes, the investments were planned at the same amount as the depreciations. The net floating assets were continued on the basis of the carrying amount per December 31, 2008. The same assumptions with respect to growth as those made for the continuation of the EBITDA were used. A sustainable growth rate of 1% was assumed (eternal annuity). This assumption is within a plausible bandwidth and takes into account the shiftability of inflation. With respect to the eternal annuity, it is assumed that the amount of the depreciations and investments are identical and that the net floating assets are not changing. Effects as a result of restructuring and expansion investments are not included in the plans. The determination of the cash value factors takes into account the assumption that the expected cash flows are achieved uniformly distributed across the fiscal year (so-called "mid-year discounting"). The expected cash flows were discounted at an average cost of capital rate in the amount of 13.4% after tax. This cost of capital rate makes allowance for the specific situation of the nextevolution group.

Self-generated assets

The accruals to the self-generated assets during the 2008 fiscal year in the amount of 526.0 TEUR (previous year: 658.9 TEUR) are essentially the result of the development of software products which

will be sold as nextevolution products during the next few years. The marketing mainly takes place in connection with corresponding service projects relating to the implementation of the largely pre-configured software products at the customer's site.
Within the scope of an impairment test conducted in 2008, a depreciation in value in the segment Industries in the amount of 46.8 TEUR on self-generated intangible assets of nextevolution management consulting GmbH was carried out due to the discontinuation of the performance "Variant management".
Based on management estimates, the evaluation of the self-generated intangible assets should be based on an economic useful life of four years. The same figure is also used for depreciation purposes.
Within the scope of the conducted impairment tests, the determination of the fair value less cost to sell was based on the assumption that the planned sales revenue generated from intangible assets with the current technological state of the art can be achieved at the same level over the next four years. A margin of 20.0% was apportioned to take into consideration the variable costs for the derivation of the cash flow. Conservation expenses, e. g. to remedy software bugs are insignificant and can therefore be neglected for the derivation of the asset-specific cash flows. Maintenance costs are not taken into account because maintenance work is conducted on a customer-specific level and invoiced separately. The maintenance work does not achieve a significant, potentially turnover-increasing quality improvement. Divestiture revenue after the end of the useful life ("residual value") is not expected and was therefore not taken into account. For the determination of the asset-specific costs of capital rate, a surcharge of 2.0% is used at company level based on the WACC used for the goodwill impairment test. This indicates that the cash flow achievement of the observed intangible assets compared to the total corporate risk is assessed to be higher. A capitalization interest rate of 15.4% after tax was used for the evaluation of all self-generated intangible assets. It was assumed that the asset-specific risk is almost identical for all assets.

No need for value adjustments was identified for all four tested self-generated intangible assets based on the determined evaluation results.

During the 2008 fiscal year, nextevolution did not carry out any research. Consequently, no research expenses accrued. Development costs which are not associated with the capitalized self-generated assets are insignificant and were not recorded separately.

Other intangible assets

The other intangible assets are the result of corporate mergers carried out in the previous year. No changes occurred in the current fiscal year.

Financial assets

nextevolution is not holding any financial assets per 12-31-2008. The shares of netpier GmbH, Hamburg were sold on 12-29-2008, generating a divestiture revenue of 2.0 TEUR compared to a book value of 0.0 EUR.

Explanations about the balance sheet

		2008 EUR	2007 EUR
12	**Means of payment and cash equivalents**		
	Cash in banks	567,412.05	532,254.62
	Cash on hands	4,276.17	3,719.24
		571,688.22	535,973.86
13	**Accounts receivable**		
	Accounts receivable, gross amount	7,448,560.33	11,074,277.95
	Value adjustments	-199,219.25	-73,328.00
		7,249,341.08	11,000,949.95

All accounts receivable are due within one year.

The book value of the accounts receivable complies with their current market value.

Reversals of impairment losses did not take place during the reporting year.

14 Claim for tax refund

The short-term tax claims result primarily from credits for the corporation tax and local business tax.

The long-term tax claim results from a corporation tax credit pursuant to § 37 (5) KStG.

15 Gross amount due from customers for contract work

	2008 EUR	2007 EUR
Accrued costs from fixed price orders	985,489.38	0.00
in addition to PoC result	878,232.30	0.00
minus partial billing	1,356,710.20	0.00
Gross amount due from customers for contract work	**507,011.48**	0.00

The sales figures contain 1.863,7 TEUR (previous year: 0 TEUR) relating to changes of future claims from orders. The book value of gross amounts due from customers for contract work complies with with their current market value. The obtained downpayments for orders are 69.8 TEUR.

16 Prepaid expenses and deferred charges

The item prepaid expenses and deferred charges in the amount of 254.8 TEUR (previous year: 445.9 TEUR) is resulting primarily from advance payments during the frame of maintenance, rent and leasing contracts.

17 Inventories

	2008 EUR	2007 EUR
Work in process	0.00	178,806.94
Goods	163,393.73	438,243.62
	163,393.73	617,050.56

Impairments in value in the amount of 274.7 TEUR were determined, the remaining book value of the affected inventories is 163.4 TEUR as of the reporting date.

18 Other assets, short-term

	2008 EUR	2007 EUR
Receivables from employees	63,755.51	57,184.26
Others	55,785.86	47,582.55
	119,541.37	104,766.81

19 Income tax

Income tax refers to the paid and/or owed actual income tax and the deferred taxes.

The applied income tax rate of 31.61% is unchanged in comparison to last year.

It also considers the local business tax in the amount of 15.27% and the corporation tax in the amount of 15% and the solidarity surcharge in the amount of 5.5% based on the corporation tax.

The deferred taxes based on temporary differences are as follows:

	2008		2007	
	Assets	Liabilities	Assets	Liabilities
Deferred taxes in EUR				
Intangible assets	32,117.73	1,240,035.62	36,860.81	1,394,329.18
Losses carried forward	42,625.56	0.00	748,196.20	0.00
Financial liabilities	24,988.34	0.00	6,562.55	0.00
Accruals	0.00	13,289.18	0.00	13,439.36
Gross amount due from customers for contract work				
Customers	0.00	152,080.15	0.00	0.00
Other assets	0.00	139,400.10	0.00	139,400.10
Other liabilities	0.00	0.00	0.00	0.00
	99,731.63	1,544,805.05	791,619.56	1,547,168.64

In total, active deferred taxes in the amount of 20,534.49 EUR (previous year: 4.2 TEUR) were considered for items, which were directly set off with the equity.

The following table shows the transition from the expected to the recorded tax expenditures.
To determin the expected tax expenditures, the assumed tax rate of 31.61% (previous year: 40.33%) was applied to earnings before taxes. The composed tax rate is comprised of corporation tax and local business tax in addition to the solidarity surcharge based on the corporation tax.

	2008	2007
	EUR	EUR
Earnings before taxes	**-3,215,112.39**	**760,861.13**
Expected tax expenditures/credit	-1,016,297.03	306,855.29
Tax effects from losses carried forward	1,769,890.65	171,773.94
Effects from tax rate changes	4,226.68	-2,908.00
Effects from deviating local tax rates	-7,608.71	-7,044.28
Effects from non-deductible operating expenses	0.00	17,293.96
Others	2,854.03	0.00
Tax expenditures pursuant to profit and loss statement	**753,065.63**	**485,970.91**
Effective tax rate (in %)	-23.42	63.87

During the reporting year, actual income tax expenditures in the amount of 2,677.13 EUR were recorded, which must be allocated to previous business year. The income tax is composed as follows:

	2008	2007
	EUR	EUR
Actual income tax	**47,246.65**	**228,406.96**
Deferred taxes		
Thereof from temporary differences	248.34	264,793.59
Thereof from losses carried forward	705,570.64	-7,229.64
	705,818.98	257,563.95
	753,065.63	**485,970.91**

20

Other long-term assets

The other long-term assets in the amount of 49.0 TEUR (previous year: 65.2 TEUR) related to employee loans in the amount of 38.4 TEUR (previous year: 65.3 TEUR) and security deposits in the amount of 10.6 TEUR (previous year: 0.0 TEUR). The reconciled actual cash value corresponds to the book value.

21

Short-term financial debts

The liabilities opposite credit institutions in the amount of 2,875.5 TEUR (previous year: 2,519.8 TEUR) are associated with the utilization of the working capital credit line and the short-term share of a promissory note bond in the amount of 300.0 TEUR. The liabilities are secured with a global assignment of the receivables for deliveries and performances in the amount of 7,249.3 TEUR. The book value of the short-term financial liabilities corresponds to the reconciled actual cash value.

22

Received downpayments on orders

The received downpayments in the amount of 85,0 TEUR (previous year: 12,5 TEUR) relate to downpayments from customers for orders made in December of 2008.

23

Tax debts

The tax debts are mainly the result of sales tax liabilities for November and December 2008 which were paid in January and February 2009. Moreover, the payroll tax liabilities for December 2008 were paid in January 2009.

24

Passive accruals and deferrals

The passive accruals and deferrals in the amount of 420.3 TEUR (previous year: 461.4 TEUR) are mainly the result of income within the scope of long-term customer maintenance contracts, provided they will be allocated to the following fiscal year affecting net income.

	2008 EUR	2007 EUR
25		

Accruals

Accruals for litigation risks		
Opening stock as of 01/01	4.133,40	4.254,33
Changes in consolidation scope	0,00	0,00
Additions	2.800,00	4.133,40
Amortization	-4.133,40	0,00
Utilization	0,00	-4.254,33
Status as of 12/31	**2.800,00**	4.133,40

The accruals for litigation risks was formed for a pending case before the Labor Court.
The maturity is shorter than 1 year.

Accruals for guarantees		
Opening stock as of 01/01	80.450,00	0,00
Changes in consolidation scope	0,00	492.623,97
Additions	68.167,37	0,00
Amortization	-27.718,00	-300.000,00
Utilization	-44.400,00	-112.173,97
Status as of 12/31	**76.499,37**	80.450,00

The accruals for guarantees are formed with respect to service contracts and their related risks
in order to satisfy any claims due to flaws in the manufactured goods.
The maturity is shorter than 1 year.

Accruals for the legal duty to preserve records		
Opening stock as of 01/01	9.585,45	0,00
Changes in consolidation scope	0,00	4.545,45
Additions	258,07	5.040,00
Amortization	0,00	0,00
Utilization	**9.843,52**	9.585,45

The accruals for the legal duty to preserve records is formed for the future costs of
storage of business documents. The maturity is shorter than 1 year.

Accruals for imminent losses		
Opening stock as of 01/01	27.433,20	0,00
Changes in consolidation scope	0,00	0,00
Additions	0,00	27.433,20
Amortization	840,00	0,00
Utilization	0,00	0,00
Status as of 12/31	**26.593,20**	27.433,20

The accruals for imminent losses were formed for the risk from a sublease.
The maturity is shorter than 1 year.

Accruals for litigation risks	2.800,00	4.133,40
Accruals for guarantees	76.499,37	80.450,00
Accruals for the legal duty to preserve records	9.843,52	9.585,45
Accruals for imminent losses	26.593,20	27.433,20
Short-term accruals	**115.736,09**	121.602,05

	2008 EUR	2007 EUR

26 Other short-term liabilities

	2008 EUR	2007 EUR
Liabilities from take-over of business operation of DD Synergie eSolutions GmbH	0.00	55,393.24
Liabilities from acquisition of company BGS Beratungsgesellschaft Software Systemplanung AG	676,739.98	717,500.00
Liabilities for social security and liabilities to Employer's Liability Insurance Association	72,692.79	97,286.41
Liabilities from outstanding variable employee remuneration	718,860.70	435,112.85
Other liabilities to employees	312,750.27	392,135.35
Liabilities to former stockholder and shareholders	750,000.00	0.00
Other liabilities	535,641.91	646,140.95
Other short-term liabilities	**3,066,685.65**	2,343,568.80

The book value of the other short-term liabilities complies with the current market value.

27 Long-term financial liabilities

The long-term financial laibilities in the amount of 1.054,1 TEUR (previous year: 20,8 TEUR) are primarily from a promissary note bond in the amount of 975,0 TEUR.

28 Accruals

	2008 EUR	2007 EUR
Accruals for the legal duty to preserve records		
Opening stock as of 01/01	59,281.82	0.00
Changes in consolidation scope	0.00	32,475.76
Additions	493.36	26,806.06
Amortization	-985.33	0.00
Utilization	0.00	0.00
Status as of 12/31	**58,789.85**	59,281.82
thereof with a maturity of 1-5 years	32,798.38	31,846.88
thereof with a maturity of > 5 years	25,991.47	27,434.94
Accruals for imminent losses		
Opening stock as of 01/01	53,695.35	0.00
Changes in consolidation scope	0.00	0.00
Additions	0.00	53,695.35
Amortization	-22,253.58	0.00
Utilization	0.00	0.00
Status as of 12/31	**31,441.77**	53,695.35
thereof with a maturity of 1-5 years	31,441.77	53,695.35
thereof with a maturity of > 5 years	0.00	0.00
	90,231.62	112,977.17

The accruals for imminent losses was formed for a risk from a sublease.

29 Other liabilities

The long-term liabilities in the amount of 15,9 TEUR (previous year: 684,6 TEUR) are resulting primarily from a long-term payment obligation based on the claim for recovery of damages.

30 Subscribed capital

During the previous year, the capital was increased against a contribution in kind. This increase in capital was registered in the commercial registry on January 14, 2008, resulting in an increase of subscribed capital and capital reserve for the reporting year.
During the reporting year, the signed capital increased by 77.9 TEUR to 1,077.9 th EUR (previous year: 1,000.0 TEUR). 77.9 TEUR of the contributed investment earmarked for the increase in capital was regrouped into subscribed capital.

31 Capital reserve

Due to the capital increase against a contribution in kind, the capital reserve increased from 8,557.8 TEUR in the previous year by 872.1 TEUR to 9.430.0 TEUR during the reporting year. The capital reserve includes the premium received on the new issue of shares by nextevolution. 872.1 TEUR of the contributed investments earmarked for the capital increase were regrouped into the capital reserve.

32 Revenue reserve

The revenue reserve in the amount of -4,043.9 TEUR (previous year:
-4,068.1 TEUR) was mainly influenced by allocations not affecting net income.

33 Minority shares in equity capital

The shares of our shareholders in the amount of 576.4 TEUR (previous year: 1,198.9 TEUR) were affected by the prorated annual result and the increase of the capital shares in the subsidiaries nemc and BGS which were fully consolidated the year before.

Explanations about the cash flow statement

34 Cash flow from ongoing business activity

The cash flow from ongoing business activities in the amount of 40.6 TEUR (previous year: -288.8 TEUR) is mainly affected by the development of the circulating assets. The payment attitude of our customers developed favorably and so the change of receivables for deliveries and performances has significantly contributed to the positive cash flow associated with ongoing business activities. The value of paid taxes amounts to 25.5 TEUR (previous year: 308.4 TEUR) during the reporting period. The value of received taxes for the reporting period amounts to 35.9 TEUR (previous year: 25.7 TEUR). This cash inflow is mainly the result of a corporate tax credit.

An additional cash inflow in the amount of 0.6 TEUR (previous year: 0.6 TEUR) was generated from received dividend payments. In contrast, cash outflow is the result of paid out interest in the amount of 233.7 TEUR (previous year: 354.2 TEUR). The value of received interest payments for the reporting period amounts to 8.2 TEUR (previous year: 170.5 TEUR).

35 Cash flow from investment activities

Compared to the previous year, the cash outflow from investment activities decreased by 2,296.7 TEUR to 1,015.8 TEUR. The investment activities of the previous year were significantly affected by the acquisitions of BGS, neton and CEO.

The amount of investments into fixed assets and immaterial assets decreased insignificantly from 1,189.7 TEUR in the previous year by 173.9 TEUR to 1,015.8 TEUR.

36 Cash flow from financing activities

The further utilization of the capital credit line generated a cash inflow in the amount of 1,330.8 TEUR. In addition, a cash outflow occurred during the reporting year for the acquisition of minority shares in the amount of 319.9 TEUR. The cash flow from financing activities amounts to 1,019.9 TEUR (previous year: 2,106.3 TEUR).

Other information

Segment report (company group)

	Segment ECM	
	2008	2007
	EUR	EUR
Segment expenditures and income		
External turnover	9,651,557.70	11,718,318.05
Intercompany sales	448,667.23	628,546.53
Other operating income	47,364.15	291,824.23
Material input	-2,777,788.03	-4,176,824.25
Gross profit	7,322,436.90	8,170,040.33
Personnel and other operating expenditures	-6,460,171.84	-6,117,901.13
Depreciation	-428,496.00	-590,688.99
Net dividend income	0.00	0.00
Segment result from ordinary activities	**481,133.21**	**2,271,907.16**
Segment assets	1,833,132.97	1,110,731.21
Segment investments	545,270.58	821,306.98
Segment liabilities	517,633.25	627,767.52

	Public Sector	
	2008	2007
	EUR	EUR
Segment expenditures and income		
External turnover	11,668,353.99	8,438,322.30
Intercompany sales	0.00	7,759.14
Other operating income	254,766.19	135,552.61
Material input	-1,789,202.90	-1,450,917.96
Gross profit	9,879,151.09	6,995,163.48
Personnel and other operating expenditures	-9,678,389.87	-5,840,382.73
Depreciation	-385,759.35	-237,573.05
Net dividend income	0.00	0.00
Segment result from ordinary activities	**69,768.06**	**648,192.31**
Segment assets	5,517,091.76	5,334,352.13
Segment investments	181,716.83	2,317,489.05
Segment liabilities	2,201,019.20	2,309,426.53

Segment EIS 2008 EUR	Segment EIS 2007 EUR	Segment Industries 2008 EUR	Segment Industries 2007 EUR
5.451.215,34	1.735.300,91	5.794.685,60	5.382.383,92
867.070,68	917.208,93	312.463,56	83.766,42
63.719,56	92.932,34	365.370,43	6.532,94
-3.143.985,75	-1.755.249,88	-3.785.487,82	-2.719.283,76
3.174.300,27	897.259,96	2.321.661,34	2.746.866,58
-2.634.625,18	-734.507,19	-2.826.526,65	-2.330.424,70
-82.349,27	-34.673,13	-584.771,91	-140.957,68
594,00	540,00	0,00	0,00
521.639,38	**298.026,98**	**-724.266,79**	**351.088,44**
644.895,35	709.262,55	2.412.969,72	3.618.325,11
161.385,83	377.478,25	86.270,48	2.150.624,95
291.129,17	489.997,53	2.004.193,22	3.440.019,09

Others / consolidation 2008 EUR	Others / consolidation 2007 EUR	nextevolution group 2008 EUR	nextevolution group 2007 EUR
-26.732,08	-374.290,13	32.539.080,55	26.900.035,05
-1.628.201,47	-1.637.281,02	0,00	0,00
-140.576,37	-307.999,24	590.643,96	218.842,88
931.224,19	1.748.526,76	-10.565.240,31	-8.353.749,09
-723.709,36	-263.044,39	21.973.840,24	18.546.285,96
-2.359.963,81	-1.794.318,85	-23.959.677,35	-16.817.534,60
-70.813,95	-92.078,08	-1.552.190,48	-1.095.970,93
0,00	0,00	594,00	540,00
-3.295.063,49	**-2.444.416,27**	**-2.946.789,63**	**852.163,31**
5.697.120,14	9.956.177,77	16.105.209,94	20.334.838,99
100.187,51	2.063.612,68	1.074.831,23	7.730.511,91
1.439.583,74	1.739.960,17	6.453.558,58	8.607.170,84

Segment report (nextevolution group)

	nextevolution group	
	2008	2007
	EUR	EUR
Segment assets	**16,105,209.94**	**20,334,838.99**
Tax claims	105,097.78	335,828.42
Deferred tax claims	99,731.63	791,619.56
Consolidated assets	**16,310,039.35**	**21,482,286.97**
Segment liabilities	**6,453,558.58**	**8,607,170.84**
Tax liabilities	1,038,657.02	1,120,669.57
Deferred tax liabilities	1,544,805.05	1,547,168.64
Short-term and long-term financial debt	3,929,576.32	2,540,525.54
Consolidated debt	**12,966,596.97**	**13,815,534.59**

In the segment Industries, a depreciation in value in the amount of 46.8 TEUR was made based on an impairment test. The segment result corresponds to the result before interest and taxes. The transfer into the period result occurs by adding the interest result and the taxes on income.

Explanation about the segment report

The nextevolution group conducts business activities in the following segments, which are described below:

Enterprise Content Management

The activities in the segment Enterprise Content Management relate to solutions for the registration, administration, archiving, safekeeping and provision of content and documents to support organizational processes. For this purpose, nextevolution relies on the two major software platforms IBM FileNet and SAP. Moreover, nextevolution offers a host of own products based on the IBM FileNet P8 platform or SAP.

Enterprise Infrastructure Solutions

The segment Enterprise Infrastructure Solutions comprises the business segment Enterprise Infrastructure Solutions on the one hand, which deals with the conceptual design and implementation of archiving solutions in companies. On the other hand, it comprises the business segment network technologies/IT support in net on. The company net on specializes in the efficient management of IT networks. Customers in the industry and administration receive assistance with everything from project management to support. As partner of leading manufacturers, such as Citrix, net on is not only looking for the perfect solution for its customers, but assists them with the planning, implementation and start-up of the required products.

Industries

The segment Industries comprises the nextevolution group product range with an industrial focus outside the public sector. On the one hand, this involves the business segment Real Estate Management, offering industry-related services for the real estate industry with a focus on topics like process analysis and energetic optimization. nextevolution offers the companies in the real estate industry the following consulting and IT services: business process consulting, IT strategy consulting, product evaluation, implementation of comprehensive business systems, operating cost/energy management, maintenance management, document management and financial management consulting along with the business segments Financials & Business Integration and Technical Integration. The business segment Financials & Business Integration deals with the analysis and optimization of corporate IT system landscapes. Existing SAP installations are developed further and cared for und new SAP installations as well as customized modifications conducted.

nextevolution specializes in the customized integration of pre-configured systems for the automation of intra-corporate business processes using SAP. In the business segment Integration, nextevolution employees are working on topics such as IT project control, application development as well as technological consulting. Among other things, the company provides advice to customers for the selection and introduction of new technologies and procedures (technological consulting) as well as the successful realization of technically challenging projects (project management). In addition, nextevolution develops applications both for client-server as well as mainframe systems, for example database software or customer-specific user interfaces for portals. The Management Consulting performance range includes everything from specific consulting services to strategic and process consulting and information management to functional program-management support, whereby the latter are exclusively being offered in connection with the original performances rendered by the nextevolution group.

Public Sector

The segment Public Sector is divided into the business segments Defense, Media and Government. As a result of the long-term contractual association of BGS mainly with IT projects in the administrative segment with the national army, the business segment Defense has developed into the largest business sector of BGS. The additional market includes friendly nations, their joint agencies, NATO and the army-related industry, although they currently play a minor role. In addition, the facilities in connection with interior safety and rescue, among other things referred to as Homeland Security, are of some interest although they have not been developed further by the business segment. By awarding the public private partnership project Herkules to IBM and Siemens, considerable IT operating services and IT services were handed out to the BWI systems, BWI services and BWI IT at the end of 2006. The business segment Media essentially consisted of the customer ZDF. Nevertheless, the business segment considers itself a supplier to all broadcasting and television stations under public law and participates in invitations to tender by these organizations. The customer is on the way to service-

oriented IT support. The existing IT will be developed, consolidated and integrated into the business processes to that effect.
The customers of the business segment Government for which no specific projects are currently being realized include the federal authorities in the field of health care and the Ministry for Nutrition, Agriculture and Consumer Protection. In the segment of the States, BGS is active in Bavaria, Berlin/Brandenburg, Baden-Württemberg, Bremen, North Rhine-Westphalia, Rhineland-Palatinate and Schleswig-Holstein.

On the one hand, the turnover relationships between the segments relate to the employee assignment in customer projects and on the other hand to the passing on of the costs. The employee assignment is invoiced with project-specific daily rates. The costs will be settled on the basis of agreements executed between the affiliated companies.

Other financial obligations

The other financial obligations exclusively result from leasing, rental agreements as well as guarantees (operating lease according to conditions common on the market) and can be reported as follows:

Business year	up to 1 year	1 - 5 years	more than 5 years	Total
All figures in EUR				
Rent	1,121,161.90	2,458,533.82	2,534,219.84	**6,113,915.56**
Leasing	41,749.68	42,829.92	0.00	**84,579.60**
Others	917.34	1,293.34	0.00	**2,210.68**
Sum	**1,163,828.92**	**2,502,657.08**	**2,534,219.84**	**6,200,705.84**

The rental agreements concern the office spaces at the nextevolution group locations. The rental agreements have been executed with the following terms: March 2010 (Berlin), April 2011 (Frankfurt and Hamburg), April 2010 (Cologne), October 2020 (Mainz), September 2011 (Sankt Augustin), with six month cancellation period (Wilhelmshaven) and with a three month cancellation period to the end of a quarter (Munich). Vehicles and office equipment were rented within the scope of operating-lease agreements. The expenses for rental and lease payments for the fiscal year amounted to 1,506.0 TEUR (previous year: 1,348.0 TEUR). Guarantees in the amount of 124.2 TEUR are in place by the accounting key date. The guarantees are mainly guarantees issued within the scope of maximum amount securities for vehicle lease agreements.

Capital and financial risk management

As IT service company and software license reseller, the nextevolution group is exposed to a variety of risks. Significant risks include the successful processing of projects, product marketing, competition with other companies, the ability to provide sufficient financial resources to finance the future business development and the cooperation with strategic partners. The main customers of the nextevolution group are major German enterprises and institutions under public law of all industries. Aside from receivables for deliveries and performances, the financial instruments of the company mainly consist of payment instruments and payment instrument equivalents. The objective of financial instruments is to finance the operational business. The management board of nextevolution AG has set up a monitoring system for the early identification and evaluation of financial risks for the company group. The early risk detection system is an integral component of the planning, control and reporting process. A risk management system helps effectively identifying risks. The system has been implemented across the entire company group. nextevolution pursues a bottom-up approach for the early detection and communication of risks. The controlling assumes a key position in the risk management system. The results are discussed, traced and processed by various management circles at different hierarchical levels. The cooperation between the management board and the supervisory board is also an integral component of the process of this integrated early risk detection system. No trade with derivatives for speculation purposes is taking place.

The main financial debts used by the company group —except for derivative financial instruments — include loans subject to interest, liabilities associated with deliveries and performances and other debts as well as financial guarantees. The main purpose of these financial debts is the financing of the business activities of the company group. The company group is in the possession of receivables for deliveries and performances and other receivables as well as payment instruments and short-term capital contributions, resulting directly from its business activities. In addition, the company group executes derivative financial transactions. The company group is exposed to market, credit and liquidity risks, which are under management control. The objective of liquidity management is to ensure an adequate financing flexibility. For this purpose, sufficient unused credit lines are required which are regularly monitored and adjusted to the current needs.

Market risk

The market risk is the risk that the actual cash value or future cash flows of the financial instrument fluctuate due to market price changes. The market risk includes the following three risk types:

Exchange rate risk, interest rate risk and other price risks such as for example the share price risk. Among other things, financial instruments exposed to the market risk include loans subject to interest, investments, financial assets available for divestiture and derivative financial instruments.

The sensitivity analyses outlined below have been compiled as of December 31, 2008 or 2007. The sensitivity analyses were generated based on the security relationships in place on December 31, 2008 and under the premise that the net debt, the ratio between fixed and variable interest payment for debts and derivatives remain constant.

The sensitivity analyses were compiled under the following assumptions:

- The sensitivity of the balance sheet exclusively refers to derivatives.
- The sensitivity of the profit and loss statement reflects the effect of the presumed changes of the interest rate on the annual interest income based on untraded financial assets held per December 31, 2008 subject to variable interest and financial debts, including the effect of the security instruments.

Interest rate risk

The interest rate risk is the risk that the actual cash value or future cash flows of a financial instrument fluctuate due to changes of the market interest rates. To ensure the financial flexibility of the company group at any time, nextevolution has set up a liquidity reserve in the form of credit lines. Because these financial instruments are raised at variable interest rates, the company group is exposed to interest rate risks.

The change of the market interest affects nextevolution insofar as the interest payment of our credit lines is based on the Euro Overnight Indexed Average (EUONIA). With the corresponding long-term interest rate development, this risk can be countered with the redeployment into credits with long-term fixed interest rates. nextevolution uses derivative financial instruments to secure the interest level of parts of the operating resources credit line. These financial instruments may be associated with risks. Because we are using the financial instruments for security purposes, we are not planning to sell the instruments. Therefore, we are not exposed to any price change risks. As well, we consider the risk of loss to be very minor because our contractual partner is a major German bank. Moreover, liquidity risks associated with the financial instruments are also excluded for the most part because the cash flows develop contrary to the cash flows of the operating resource credit line and are of subordinate significance. Credit lines in the amount of 3.25 million EUR are available to cover the short-term need for liquid means, in particular for the purpose of revenue financing. The risks exist insofar as the bank has reserved the right to terminate the loan commitment any time based on its general business terms and conditions. The credits are secured with our customer receivables.

To control this interest rate risk, interest hedge transactions were executed in the 2007 fiscal year and maintained for the 2008 fiscal year. This relates to an interest rate swap and an interest rate cap transactions in the form of a maximum rate agreement with a term of 60 months. The interest rate swap was classified as cash flow hedge within the meaning of IAS 39. The purpose is the elimination of the interest rate change risk for payments resulting in the use of the short-term operating resource credit. The security measures are regularly reviewed to adjust them to the expected interest rates. The interest rate cap transactions in the form of a maximum rate agreement will not be classified as a security transaction within the meaning of IAS 39.

Sensitivity with respect to the interest rate

The following table shows the sensitivity of the corporate result before taxes compared to the potential change of the interest rates that is possible based on reasonable discretion (due to the effects on loans with a variable interest). All other variables remain constant. For debts subject to variable interest, the analysis is generated under the assumption that the amount of the outstanding debt by the accounting key date had been outstanding for the entire year. One sensitivity of the held financial derivatives is explained in a separate report.

	12-31-2008	12-31-2007
Impact on the result before taxes	EUR	EUR
Interest rate change by 100 base points		
- 100 base points	27,853.24	20,130.65
+ 100 base points	-24,200.24	-11,446.65
Impact on the corporate equity capital		
- 100 base points	-34,828.00	-40,770.00
+ 100 base points	33,227.00	38,514.00

Other price risks

The listed and unlisted titles held by the company group are exposed to market price risks associated with the uncertainty of future value developments of these commercial papers. The company group controls the exchange rate risk with diversification and limitations when investing into individual titles as well as the total scope of the investment into equity capital instruments. The management of the company group is regularly provided with reports about the equity capital title portfolio.

Credit risk

Credit risk is the risk that a business partner fails to meet his obligations within the scope of a financial instrument or customer framework agreement, resulting in a financial loss. Within the scope of its operational business activities, the company group is exposed to risks of loss (in particular risks associated with receivables for deliveries and performances) as well as risks within the scope of the financing activities, including deposits at banks and financial institutions and other financial instruments.

Credit risk in connection with receivables

The credit risk associated with receivables opposite customers is controlled centrally for the entire nextevolution group for the customer-related credit risk management. Risks of loss or the risk that a contractual partner fails to meet his payment obligations are controlled with the use of an own bank credit line and suitable monitoring procedures, in particular the ongoing monitoring of the economic situation by means of suitable economic information services. Per December 31, 2008, 16 customers were owing nextevolution more than 100,000.00 EUR each, corresponding to approximately 77.0% of all outstanding receivables. Three customers had unpaid items in the amount of more than 0.5 million EUR, accounting for almost 36.0% of the total amount of receivables. The maximum credit risk by the accounting key date corresponds to the book value of the financial assets. The company group is not holding any commercial papers as security. Because we usually issue a monthly invoice for all the services rendered, there is no concentration of the risk of losses in spite of the fact that we generate our turnover with relatively few large customers. The current payment morale of customers did not reveal any significant losses in the past. The book value of the financial assets recorded in the consolidated financial statement less possible depreciation in value represents the maximum risk for a loss of the company group:

All figures are quoted as TEUR	2008	2007
Cash in banks	567.4	532.3
Accounts receivables	7,249.3	11,000.9
Other receivables	224.6	277.6

Credit risk associated with financial instruments and deposits

The credit risk associated with deposits in banks and financial institutions is controlled centrally. The maximum credit risk of the company group for the balance sheet items per December 31, 2008 and 2007 corresponds to the reported book values, excluding financial guarantees and derivative financial instruments. Demand funds are deposited exclusively at domestic banks with a first class credit rating.

Liquidity risk

The company group regularly monitors the risk of a potential liquidity bottleneck by means of liquidity planning. The goal of the company group is to maintain the balance between the continuous coverage of the demand for financial means and securing the flexibility with the use of overdraft credits, bank loans, debentures and hire-purchase agreements. Credit lines in the amount of 3.25 million EUR are available to cover the short-term demand for liquid means, in particular for the purpose of revenue financing. Risks exist in so far as the bank has reserved the right to terminate the loan commitment any time based on its general business terms and conditions. The credits are secured with our customer receivables. A promissory note bond in the amount of 1,500.0 TEUR was issued in 2008. It is used to finance the long-term liabilities, associated in particular with the expansion of the business operation as well as the establishment of software products. The term of the promissory note bond is 60 months starting on April 18, 2008. It is paid off quarterly at an amount of 75.0 TEUR. The promissory note bond is not secured and is geared to the compliance of financial key figures. In case of non-compliance, the bank is entitled to cancel the promissory note bond. Because these key figures were not complied with at corporate level for the 2008 fiscal year, the risk exists that the promissory note bond will be cancelled. Consultations are currently under way which make us hopeful that the cancellation will not take place. At the same time, the management board and supervisory board approved an increase in capital in the amount of 102,131 shares at 7.0 EUR, i.e. 715.0 TEUR and so the possible repatriation of the loan would only have a limited impact on the company. Additional liquidity risks can develop if customers are not in the position to meet their obligations opposite the company within the scope of the agreed conditions. The company endeavors to dispose of sufficient payment resources or corresponding credit lines to meet its future obligations.

The due dates of the financial debts of nextevolution per December 31, 2008 are outlined below. The information is provided based on contractual, undiscounted payments.

Below is a report of the age structure of the financial receivables and debts per accounting key date:

	Due date up to 1 month	2 to 3 months	4 to 12 months	> 12 months	**Sum**
Receivables for deliveries and performances after specific provision	4,234,171.86	2,389,184.81	625,984.41	0.00	7,249,341.08
Tax refund entitlement			105,097.78		105,097.78
Other short-term assets	119,541.37				119,541.37
Short-term financial debts	2,575,524.32	75,000.00	225,000.00		2,875,524.32
Received deposits for orders	84,956.00				84,956.00
Tax owing	1,038,657.02				1,038,657.02
Other short-term debts	1,972,824.95		1,093,860.70		3,066,685.65
Long-term financial debts				1,054,052.00	1,054,052.00
Other debts				15,909.73	15,909.73

Capital management

The equity capital comprises the equity capital belonging to the shareholders of the parent company. The main goal of the capital management of nextevolution is to ensure that a high credit rating and adequate equity capital rate are maintained to support the business activities. The company group controls its capital structure and makes adjustments, taking into account the change of the economic framework conditions. To maintain or adjust the capital structure, nextevolution is entitled to adjust the dividend payments to the shareholders or repay capital to the shareholders or issue new shares. No changes to the goals were made per December 31, 2008 and December 31, 2007. nextevolution monitors its capital by means of the equity capital rate which represents the ratio of equity capital to balance sheet total. The equity capital rate should be between 20.0 % and 40.0 %.

All figures are quoted in EUR	**per 12-31-2008**	**per 12-31-2007**
Equity capital	3,343,422.38	6,716,750.58
Balance sheet total	16,310,039.35	21,482,286.97
Equity capital rate	20.5 %	31.27 %

Securities

The company group has assigned its receivables for deliveries and performances as security for the operating resource credit line and the money market credit diverted from it. Per December 31, 2008 and 2007, the actual cash value of the receivables for deliveries and performances provided as security amounted to 7.2 million EUR and 11.0 million EUR respectively.

No other significant agreements or conditions for the use of securities are in place. The company group was not holding any considerable securities per December 31, 2008 and 2007.

Derivative financial instruments

To ensure the financial flexibility of the company and its subsidiaries any time, nextevolution has set up a liquidity reserve in the form of credit lines. Because these financial instruments are held at variable interest rates, the company group is exposed to interest rate risks. To control this interest rate risk, interest hedge transactions were executed in the 2007 fiscal year. This relates to an interest rate swap and an interest rate cap transaction in the form of a maximum rate agreement with a term of 60 months. The interest rate swap was classified as cash flow hedge within the meaning of IAS 39. The purpose is the elimination of the interest rate change risk for payments resulting in the use of the short-term operating resource credit. The security measures are regularly reviewed and adjusted to the expected interest rates. The interest rate cap transactions in the form of a maximum rate agreement will not be classified as a security transaction within the meaning of IAS 39.

Interest rate swap

In an interest rate swap, the company exchanges variable for fixed interest payments which are calculated based on agreed nominal amounts. These agreements enable the company group to reduce the risk of changing interest rates to the actual cash value of emitted debt instruments subject to fixed interest and cash flow risks of emitted debt instruments subject to variable interest. The actual cash value of interest rate swaps per key date is determined by the discounting of future cash flows with the use of interest rate structure curves per key date and the credit risks associated with the agreements. The actual cash value was determined by the emitting bank with the use of approved mathematical procedures based on specific assumptions. The average interest rate is based on the outstanding balances per end of fiscal year. The interest rate swap related to a credit volume of 1 million EUR.

Interest rate cap transactions

For interest rate cap transactions, the company swaps the interest rate security in the form of compensation payments for interest rate over a certain limit against compensation payments for the interest rate difference between the two year and the ten year Euribor swap rate. The actual cash value was again determined by the emitting bank with the use of approved mathematical methods and based on specific assumptions. The interest rate cap transaction is allocated to the category “at fair value through profit and loss“ pursuant to IAS 39 and relates to a credit volume of 0.5 million EUR. During the fiscal year, the interest rate cap transaction resulted in interest expenses in the amount of 6,742.00 EUR. After the generation of deferred taxes in the amount of 2,131.15 EUR, the net effect was 4,610.85 EUR.

The following table illustrates the fair values of the derivative financial instruments recorded in the balance sheet:

Liabilities	31.12.2008 EUR
Interest swap with Hedge Accounting	-64.962,00
Interest cap without Hedge Accounting	-14.090,00
	-79.052,00

Interest rate sensitivity analysis

The sensitivity analyses illustrated below were determined based on the interest rate risk exposures of derivative instruments per accounting key date. For debts with variable interest rates, the analysis is created under the assumption that the amount of outstanding debts by the accounting key date had been outstanding for the entire year.

If the interest rate had been 100 base points higher and all other variables had been constant:

- the annual surplus would have increased by 4,555.00 EUR for the 2008 fiscal year and
- the equity capital of the company group would have been 33,227.00 EUR higher per 12-31-2008.

If the interest rate had been 100 based points lower and all other variables had been constant:

- the annual surplus for the 2008 fiscal year would have dropped by 902.00 EUR and
- the equity capital of the company group would have been 34,828.00 EUR lower per 12-31-2008.

Share-based compensation

In the 2006 fiscal year, nextevolution has issued a total of 50,000 share options to employees/management board member for the first time; 25,000 to management board members and 25,000 to employees. The option plans are “equity-settled plans“. The purchase price per share in the option is 11.00 EUR. The condition to exercise the option is that the value development of the Prime All Share Performance Index or another index which functionally replaces the latter is worse than the value development of the nextevolution share, calculated from the day of the first listing to the day the option is exercised. One third of the options were eligible to be exercised on 03-10-2008 at the earliest. Another third was eligible on 03-10-2009 the earliest and the remaining third will be eligible on 03-10-2010 at the earliest. The option can only be exercised within at most four weeks, starting on the fifth bank business day after the ordinary shareholders‘ meeting of nextevolution. For the rest, the limitations set forth in the general legal provisions, in particular the Securities Trading Act must be complied with. These options are not transferrable, except in case of succession. They can not be sold, hypothecated or otherwise encumbered. The right to exercise the option ends five years after the emission date at the latest. If the options have not been exercised by this date, they will expire without replacement. Consequently, the weighted average of the remaining contractual term for the options outstanding per 12-31-2008 is 3.75 years. The option value in the amount of 25.0 TEUR was recorded under human resources expenses affecting net income in the 2006 fiscal year. The value of the options was calculated per granting date by means of the Black-Scholes option price model. No additional share options were emitted in the 2008 fiscal year. No expenses relating to the share options were recorded in the reporting period.

Itemization of the share ownership

Company's name and place of business	Investment share %	Equity 12/31/2007 EUR	Result Business Year 2007 EUR
Related companies			
BGS Beratungsgesellschaft Software Systemplanung AG, Mainz*	100.0	3,024,001.56	193,071.57
Centrum für Ertragsoptimierung AG, Mainz	64.8	117,775.02	1,405,178.64
net on GmbH, Mainz	51.0	204,401.42	49,530.83
nextevolution GmbH, Wien	100.0	-247,012.11	-188,557.36
nextevolution management consulting GmbH, Hamburg	100.0	-843,222.61	-575,487.78
qualified developers market GmbH, Hamburg	100.0	14,863.60	58,189.22

* As of 12/31/2008, nextevolution AG holds a share of 90%.
BGS Beratungsgesellschaft Software Systemplanung AG holds at this point in time own shares in the amount of 10%.

The information represents the values determined according to the country-specific accounting rules and regulations.

Executive Board

Executive Board Members:

Mr. Peter Ohl, Chief Executive Officer,
Rödermark, Germany

Mr. Nils Manegold, Vice President Finance,
Dreieich, Germany

Supervisory Board

Supervisory Board Members during the Business Year:

Mr. Franz-Josef Lhomme, Entrepreneur,
Chairman of the Supervisory Board

Mr. Sven Lemiss, Executive Secretary

Mr. Hans-Jürgen Beck, Entrepreneur

Report on Executive Board and Supervisory Board Remuneration

Executive Board Remuneration

The executive board remuneration that is recognizable as expenditure amounted to TEUR 563.0 in 2008. This consists of a non-performance-related remuneration component of TEUR 338.0 and a performance related component of TEUR 225.0. Remunerations are all due in the short-term. On December 31, 2008, the Executive Board held 15,000 stock options which were distributed as follows:

	Number Options
Peter Ohl	10,000
Nils Manegold	5,000

The amount of performance related remuneration is determined by planned values for turnover and result as well as the achievement of qualitative targets. The value of the stock options is dependent on the stock price of the nextevolution stock. The exercise of the stock options is subject to certain terms and conditions. The exercise of options may only take place in 2009 and 2010. By shareholders' resolution, the disclosure of individual executive board remunerations under s. 286 (5) HGB (*Handelsgesetzbuch* —German Commercial Code) does not have to take place until 2011, July 11, 2012 at the latest. No contractual obligations arise on or after termination of employment. There are no obligations arising in the long-term.

Supervisory Board Remuneration

Remuneration of the Supervisory Board of nextevolution is provided for under s. 21 of the Bylaws. According to this provision, members of the supervisory board shall receive a fixed remuneration in addition to their expenses. With respect to remuneration, twice the amount received by the other supervisory board members was allocated to the Chairman of the Supervisory Board. The fixed remuneration is Euro 10,000.0 for the Chairman of the Supervisory Board and Euro 5,000.0 for the other supervisory board members. During the business year 2008, nextevolution did not grant any advances on future remunerations or loans to members of the supervisory board and did not provide any guarantees to the benefit of these persons.

Equity Capital

The capital stock is EUR 1,077,869.0 (previous year: EUR 1,000,000.0) and consists of 1,077,869 named individual stock certificates. The change results from the increase of noncash capital through the acquisition of shares (64.8%) in the *Centrum für Ertragsoptimierung AG*, Mainz, Germany, which was registered with the Commercial Register (*Handelsregister*) on January 14, 2008.

Approved Capital

Under s. 4 (3) of the Charter of nextevolution, the executive board, with the approval of the supervisory board, has the authority to increase, once or several times before July 11, 2012, the company's capital stock by issuing new named individual stock certificates for cash contributions or contributions in kind, but not by more than EUR 422,131.00 (approved capital 2007).

Authorized But Unissued Capital 2006

The company’s capital stock was increased by EUR 50,000.00 subject to contingency through the issue of up to 50,000 named stocks (individual stock certificates) (Authorized but Unissued Capital 2006). The authorized but unissued capital increase is exclusively intended to satisfy the options that are granted until March 8, 2011 in accordance with the authorization passed by the general meeting on March 8, 2006. The authorized but unissued capital increase is only carried out insofar as the owners of the issued options exercise their right to acquire stock of the company and where the company does not provide its own stock in order to satisfy the options. The new stock participates in the profit from the start of the business year during which it was created through the exercise of the options.

Authorized But Unissued Capital 2007

The company’s capital stock was increased by EUR 50,000.00 subject to contingency through the issue of up to 50,000 named stocks (individual stock certificates) (Authorized but Unissued Capital 2007). The authorized but unissued capital increase is exclusively intended to satisfy the options that are granted until July 11, 2012 in accordance with the authorization passed by the general meeting on

July 12, 2007. The authorized but unissued capital increase is only carried out insofar as the owners of the issued options exercise their right to acquire stock of the company and where the company does not provide its own stock in order to satisfy the options. The new stock participates in the profit from the start of the business year during which it was created through the exercise of the options.

The supervisory board has only authority to pass amendments to the Charter that apply to the version. For further details see ss. 133, 179 AktG (*Aktiengesetz* —German Stock Corporation Act). Apart from that, the supervisory board decides on the conclusion, the amendment or the termination of the employment contracts with the members of the executive board. For further details see ss. 84, 85 AktG (*Aktiengesetz* —German Stock Corporation Act).

Capital Management Particulars

The overriding task of the corporate group's capital management is to ensure that the corporate group’s debt repayment capability and financial substance is maintained. An important dimension with same is the equity ratio which governs the proportional relationship between equity capital and balance sheet total. For nextevolution, the equity ratio is an important core measure in its dealings with banks, investors and analysts. This measure is not part of the IFRS statutory accounting requirements and may deviate in definition and calculation from the measure used by other enterprises. The equity ratio was 20.5% as of December 31, 2008 (previous year: 31,3%).

Shareholder Structure

As of December 31, 2008, the nextevolution shareholder structure was as follows:

fentus 6. GmbH / Dr. Reiner Bischoff	60,30%
Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte	8,35%
Fortis Investment Management	6,73%
Shareholder Value Beteiligungen AG	3,25%
DB Platinum SICAV, Luxembourg	2,88%
Peter Ohl	1,84%
Autos International Fund	1,86%
DAB Advisor	1,39%
Allianz Global Investors	1,39%
Nils Manegold	0,73%
VRM Fund European small & mid cup	0,60%

As of December 31, 2008, the following members of executive board and supervisory board held nex-tevolution shares:

Peter Ohl (Chief Executive Officer)	19,834 shares
Nils Manegold (Vice President Finance)	7,849 shares
Hans-Jürgen Beck (Supervisory Board Member)	3,300 shares
indirect through FGB Financial Global Network Beteiligungs AG	

Consolidated Financial Statement

The consolidated financial statement of nextevolution is published in the electronic Federal Official Gazette (*Bundesanzeiger*) and is available from the company.

Corporate Governance Code Declaration Under s. 161 AktG

Executive board and supervisory board made the declaration required under s. 161 AktG, that the recommendations of the "Government Commission for the German Corporate Governance Code" (*Regierungskommission Deutscher Corporate Governance Kodex*), which were announced by the Federal Justice Department in the official part of the electronic Federal Official Gazette, are and will be complied with, and, which recommendations are or will not be applied. The declaration was also made permanently available to nextevolution shareholders on the company's homepage.

Information Required under s. 160 (1)(8) AktG

Name	Date of Vote Notification	Effective Date		Share	Number of Shares
DB Platinum SICAV	5/6/2008	4/25/2008	falling under 3%	2.88%	31,089
AvW Invest Aktiengesellschaft	5/14/2008	5/8/2008	falling under 20%	21.87%	235,718
Allianz SE	5/15/2008	5/8/2008	falling under 15%	15.42%	166,201
FPM Funds SICAV	10/2/2008	9/26/2008	falling under 5%	6.10%	65,728
AvW Invest Aktiengesellschaft	1/6/2009	12/30/2008	falling under 3%	0.00%	0
FPM Funds SICAV	1/6/2009	12/31/2008	falling under 3%	0.00%	0
Allianz SE	1/16/2009	12/31/2008	falling under 3%	0.00%	0
fentus 6. GmbH - Reiner Bischoff	1/21/2009	12/30/2008	falling under 20%	22.73%	245,000
fentus 6. GmbH - Reiner Bischoff	1/21/2009	12/31/2008	falling under 50%	60.30%	650,000

Auditor's Fees and Services

At the shareholders' meeting on May 29th 2008, the nextevolution shareholders elected Dr. Andreas Grau as auditor and statutory group auditor for nextevolution AG for the business year 2008. For the purposes of s. 319 (1)(1)(2) HGB the following auditor's fees were incurred during the current business year:

	2008 TEUR	**2007** TEUR
Audit Fees	184	169
Fees for Tax Consultancy Services	23	9
Fees for Semi-audit Services	0	59
Fees for Other Services	0	1

Employees

Wages and salaries including applicable social and pension related contributions amount to a total of TEUR 16,731.0 for nextevolution group (previous year: TEUR 11,769.0). On average, 235 employees were employed by nextevolution group throughout the business year.

	2008	**2007**
Number of Employees	235	184
of that Clerical Staff	218	173
of that Management	17	11

Relationships with Affiliated Companies and Persons

Persons and companies affiliated to nextevolution group include the members of the executive and supervisory boards and their close relatives, and enterprises under the control of or subject to significant influence from members of the next evolution group executive or supervisory boards or their close relatives, and enterprises in which these persons have a significant voting right. In addition, affiliated persons include those enterprises in which nextevolution group holds a share which gives it control over or significant influence on the business policies of the associated enterprises and major shareholders of nextevolution and their affiliated enterprises.

nextevolution group had and has various contractual relationships with affiliated persons. The following significant legal relationships exist or existed between nextevolution group and persons affiliated with it:

As of December 31, 2008, there exist no claims against affiliated enterprises and persons. Monies owed to affiliated enterprises and persons include a loan to the amount of TEUR 375.0 received from White Beteiligungsgesellschaft mbH (previously fentus 6. GmbH / Dr. Reiner Bischoff), which holds a 60.3% share in nextevolution at the effective date. In addition, there are debts to the total amount of the invoices which are yet to be received for the supervisory board work by the members of the current supervisory board during the business year 2008 to the amount of approx. TEUR 20.0. There are no other debts.

Legal Transactions with Members of the Executive Board

Apart from the aforementioned remunerations and stock options to the benefit of the members of the executive board, the following legal transactions with executive board members exist:

There is a contract between the reliabIT, in which the Chief Executive Officer Peter Ohl holds an approx. 91.0% share, and nextevolution AG, according to which reliabIT GmbH bills nextevolution for reimbursements for a car to the amount of EUR 1,400.0 per month.

Legal Transactions with Members of the Supervisory Board

Apart from the aforementioned remuneration for the supervisory board, there are no legal transactions with members of the supervisory board.

Annual Financial Statement Oath

We declare to the best of our knowledge that under the applicable accounting rules the annual financial statement provides a reflection of the company's actual situation regarding assets, finances and profitability and that the annual report presents the course of business including the operating result and the company's situation in such a manner, that a representation of the actual situation is conveyed and that significant opportunities and risks in the foreseeable development of the company are described.

Events After The Balance Sheet Date

The supervisory board member Mr. Hans-Jürgen Beck retired from his supervisory board position with effect of January 31, 2009. The Commercial Register Court Hamburg has appointed Mr. Sascha Magsamen to the supervisory board with effect of February 1, 2009. On March 3, 2009, the executive board passed a resolution to increase the capital stock by EUR 102,131.0 to then EUR 1,180,000.0 by utilizing the approved capital 2007. The supervisory board approved this resolution on March 10, 2009.

In January 2009, it was possible in the short term, to sell the 51% subsidiary net on. This happened without respective planning or any prior intention to sell on behalf of the management. Instead, the subsequent purchaser approached BGS unexpectedly in 2009. net on worked in the service focus area "Enterprise Infrastructure Solutions". nextevolution group provides mainly approaches and implementations of storage and server solutions in connection with the service focus "Content Management Solutions" and "Web-portal based Business Solutions". The major part of the net on business volume was, however, based on PC support, system management and Citrix consulting as well as network business.

Hamburg, on March 30, 2009

Signed: Peter Ohl

Signed: Nils Manegold

Group Management Report for the Business Year 2008

Corporate Group Highlights:

Turnover growth by 21.0% to EUR 32.5 million

Successful implementation of new service area Enterprise Infrastructure Solutions

Strategic partner acquires majority in nextevolution

Macroeconomic Situation

According to information provided by the German Council of Economic Experts (*Sachverständigenrat*), Germany is, with a real growth of the gross domestic product (GDP) of 1.7% in 2008, clearly below the real growth of the world economy production of 2.8%. According to calculations of the Federal Statistical Office (*Statistisches Bundesamt*), the growth of the Gross Domestic Product amounted to only 1.3%. A surprisingly successful first quarter was followed by a delayed but therefore even more abrupt bout of weakness. The crisis-like developments in the global financial markets, the associated deep plunge of asset values and the increase of commodity prices during the first half of the year were an external supply and demand shock for Germany. The key issue remains to be the question which real economic effects of the financial crisis are yet to be expected. For the business year 2009, the Council of Economic Experts expects a reduction of the gross domestic product which would meet the criterion for a recession.

Industry Development

According to surveys carried out by the Federation of Information Management, Telecommunications and New Media (*Bundesverband Informationswirtschaft, Telekommunikation und Neue Medien e.V. – BITKOM*), the market for IT Services in 2008 grew by 6.3% from 2007 as compared to 7.9% during the previous year. Accordingly, as in the past few years, a significantly higher growth rate had been achieved than that of the overall market. After a growth of 6.3% in the IT services sector in 2007/2008, BITKOM expects a growth of 6.0% from the previous year for 2008.

IDC lowered its projections for the IT services market by approx. two percentage points and now expects a growth of 3.3% for 2009. According to the report "*The Market for IT-Services in Germany at the Time of Crisis, 2007-2012 - Update*" ("*Der Markt für IT-Services in Deutschland im Zeichen der Krise, 2007-2012 - Update*"), the market for IT services generated a turnover of approx. 38 billion Dollar in 2008. During the review period from 2007 to 2012, the sector is expected to have an average annual growth rate of 4.7%. According to IDV, the IT services market in Germany will be mainly affected by the consequences of the economic downturn in 2009. From 2010, the IT services market will recover again.

Business Development

The nextevolution group consists of nextevolution Aktiengesellschaft, Hamburg, Germany, (nextevolution), nextevolution management consulting GmbH, Hamburg, (nemc), the qualified developers market GmbH, Hamburg, (gdm), the BGS Beratungsgesellschaft Software Systemplanung AG, Mainz, Germany, (BGS), the Centrum für Ertragsoptimierung AG, Mainz, (CEO), the net on Netzwerktechnologien Online GmbH, Mainz, (net on) and the nextevolution GmbH, Vienna, Austria, (ne Austria).
The various business segments were partially re-defined by clear orientation towards industry neutral topics (Enterprise Content Management (ECM) and the business sector Enterprise Infrastructure Solutions (EIS)) and industry-specific orientation in the sectors Industries and Public Sector. In contrast to previous reports, nextevolution reports on the following segments:

- Enterprise Content Management (unchanged from Business Year 2007)
- Enterprise Infrastructure Solutions (summary of the corporate sector Enterprise Infrastructure Solutions that was established on May 1, 2008 and the old segment IT Services)
- Industries (summary of the corporate sectors Management Consulting, Real Estate Management and Enterprise Resource Management)
- Public Sector (unchanged from Business Year 2007)
- Other / Consolidation (unchanged from Business Year 2007)

In the course of re-alignment of the corporate segments, the business operations of the reporting segments Management Consulting, Real Estate Management and Enterprise Resource Management were merged into the segment Industries.
The business development was affected by the macroeconomic and the industry specific market developments. The macroeconomic climate deteriorated during the second half of 2008 and the outlook on 2009 is currently also generally perceived as rather bad. The result is largely reduced by depreciations of customer claims and supplies, costs which result from the withdrawal from the IBM deal in Austria and the management consultancy and effects of careful account balancing which is advisable at times of economic crisis. Furthermore, investment decisions by our clients were postponed because of the bad investment climate, so that there was no turnover realization, in particular with our own software products. This mainly affected the ECM/IBM sector.

Apart from the financial indicators, the non-financial performance indicators are also of relevance to us in order to promote the commitment of employees, our most important resource, to the nextevolution group. These non-financial performance indicators took an overall positive development during the business year. This continues to show in the low rate of undesired fluctuation.
In 2008, nextevolution once again provided consultancy services in its focus areas to the top names in the economic sector. Our consultants developed on site together with the customers tailor-made IT strategies and solution concepts. In doing this, particularly high emphasis was placed on the combination of sound Business Consulting and powerful information technology. Today, nextevolution provides

the full service range necessary to accompany a customer solution throughout its full life cycle. This includes consultancy services and planning by way of provision of solution driven own and third party products as well as the handling of projects for the implementation and integration of solutions right up to the Go-live. But nextevolution also provides comprehensive maintenance and application management services for the subsequent utilization phase. A large part of customer specific services deal with application areas such as “Invoice Management”, “Contract Management”, “Personnel Records Management” and “Purchase Management”. For the implementation of this more and more of our own business solutions are used.

The nextevolution service range was further developed and amended in parts in the course of the business year 2008 and now has the focus areas "Web-portal based Business Solutions", "Content Management Solutions" and "Enterprise Infrastructure Solutions".

The content of the prior service focus “Enterprise Content Management“ also underwent further development which was accompanied by a terminological change to “Content Management Solutions”. Apart from the software technological and system integrative competence for the manufactured platforms IBM FileNet P8 and SAP Netweaver/RM, our own business solutions moved more and more towards center stage. Both with respect to sales-related argumentation and the implementation of customer solutions, standard application software packages of business solutions, that are complementary specialist application solutions to SAP Netweaver/RM-Platform and IBM FileNet P8-Platform, are gaining importance.

nextevolution, furthermore, extended its main service range “Content Management” by storage and server solution competences —summarized under the headline “Enterprise Infrastructure Solutions”. Typical approaches include the performance and cost optimized presentation of storage and servers and their virtualization as well as back-up and recovery concepts in the context of “Content Management Solutions”. The combination of these services is ideal and facilitates full vertical penetration - from consultancy services for business solutions to content management and middleware platforms from the software producers to the infrastructure levels of the customer's computing centre. With a view to service provision and distribution, the market leaders in software provision, IBM (FileNet) and SAP, continue to be the most important partners for the "Content Management Solutions" business. In addition, partnerships with NetApp and Sun were established with a view to extended infrastructure solutions.

The targeting of dedicated industries takes place through accordingly positioned nextevolution AG subsidiaries. CEO works in the real estate and manufacturing industries. The service range for the industry segment Real Estate Management was thus consolidated within the nextevolution group and allocated to the subsidiary CEO. The targeting of the Public Sector, with the segments Government, Defense and Broadcasting, is handled by BGS.

There was little change in respect of the locations of nextevolution group in 2008. The Krefeld location was closed and a new location in Cologne was established. Altogether seven locations in Germany — Hamburg, Mainz, Cologne, Berlin, Munich, Sankt Augustin and Wilhelmshaven —were selected to ensure nationwide presence as well as regional proximity to the main economic areas or to certain major customers. Furthermore, there is a distribution location in Vienna, Austria, from which nextevolution GmbH, Vienna, carries out its operations and successfully provides its “Content Management Solutions” for Austria. The service provision for Austria largely takes place from Germany.
nextevolution customers include enterprises from industry, trade, financial services, telecommunications, the real estate industry and the public service.

Under s. 91 (2) AktG, the executive board has the overall responsibility for the installation of a monitoring system for early risk detection and evaluation. This risk detection system is an integral part of the planning, steering and reporting process and was implemented throughout the company. With this system it is possible to effectively identify risks. nextevolution takes a bottom-up approach for the early detection and communication of risks. The management of the subsidiaries and the management of the respective operative corporate sectors report by regular monthly reports, a rolling planning process as well as order book and sales pipeline monitoring about current developments and risks within the respective corporate sectors. Controlling therefore has a central position within the risk management system. The results are discussed, tracked and processed by various management circles on different hierarchical levels. The close cooperation between the nextevolution executive and supervisory boards is also part of this process.
The internal steering of nextevolution group is incumbent upon the group executive board. An important task of our central steering system is to ensure the group wide exchange of information about circumstances relevant to the steering. This includes the coordination of group wide collection and systematic evaluation of all significant facts by uniform standards. The results are summarized in a monthly report which provides an overall view of the situation of the nextevolution group. The essential steering factors of nextevolution are sustainable EBIT and turnover. In the course of group wide liquidity steering, nextevolution installed group-wide cash pooling.

For the business year 2008, the company prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as required by s. 315a (1) HGB.

nextevolution group has locations in Berlin, Hamburg, Cologne, Munich, Mainz, Sankt Augustin, Wilhelmshaven (all Germany) and Vienna (Austria).

The Business Segments

Business within the service focus “Content Management Solutions“ was inconsistent in 2008. The turnover from project services, products and maintenance for solutions on SAP basis fulfilled the planned targets. Building on the good business operations with the existing customer base, sales were able to win a large number of new customers for this service range and orders from these customers created an order pool and further project prospects. We can therefore expect a high rate of capacity utilization, at least for the first half of 2009. Overall, the turnover during the business year 2008 declined from EUR 11.72 million to EUR 9.65 million. In contrast to the SAP Netweaver/RM-Platform, the business with content management solutions on the IBM FileNet P8 platform was less satisfactory during the business year 2008. Apart from the maintenance turnover, which did meet the targets, impulses for orders for the project services and product businesses from new customers remained significantly behind the expectations or were only met towards the end of the year without sufficient opportunity for performance during the reporting period. The market was marked by low-key demand and slow decision processes on behalf of customers in the course of sales activities which only led to significant orders from new customers towards the end of the year. At least it was, however, possible in the course of the year, to achieve orders with further prospects from existing customers. The sales situation has clearly improved since the fourth quarter and is marked by a large number of orders towards the end of the year and a promising acquisition pipeline which gives reason to expect further significant orders during the first quarter of 2009. Because of the latest sales success and the anticipated orders, nextevolution expects a significant improvement of the business operations during the business year 2009. Apart from realizing product turnover, a significant improvement of the project business and, following from that, an increase of the maintenance business is expected.

Corresponding to the service focus “Content Management Solutions“, the competences for storage and server solutions were installed within the newly created sector “Enterprise Infrastructure Solutions” from May 2008. With the new service range, provided by the locations Berlin and Cologne, it was possible to achieve a very satisfactory short financial year 2008. Against the backdrop of the expanded service range, distribution partnerships with the manufacturers NetApp and Sun were entered into during the second quarter.

In the segment Public Sector —handled by BGS AG —the following developments took place within the individual business sectors: The sector Defense is the largest business area of BGS - largely due to the longstanding contractual relationship of BGS with the German Armed Forces (*Bundeswehr*) in respect of mainly IT projects in the administrative field. Friendly nations, joint agencies of same, NATO and the defense industry can be mentioned as possible further markets. However, these play a subordinate role at the moment. Interior security agencies and emergency services, sometimes referred to as Homeland Security, may also be of interest but were not developed any further by the business sector. With the award of the PPP Herkules to the companies IBM and Siemens at the end of 2006, important IT operating services and IT services were contracted to BWI-Systeme, BWI-Services and BWI-IT. This contract will terminate on December 27th, 2016 and will presumably be continued by another contract award process with the same or new partners from industry. Through this development the customer orientation of the contractual partners shifted from the German Armed Forces and the projects carried out so far towards the BWI companies, who make awards to sub-contractors under their own contracts and at their conditions. The cooperation with the new contractual partners so far

was marked by great mutual trust and openness so that we can expect further positive development in this respect.
The division by performance processes of the business sector Defense reflects the customer's organizational, process and information technological development. Insofar, same must be considered in terms of competence with a focus on the core competence specifically attributed to the industry. In 2008, the core competencies also included the safeguarding of ongoing operations of applications under production, mainly in the logistics fields of all armed services and the special areas through operating support, software maintenance and adjustment to altered processes and, because of statutory changes, the completion and implementation of projects and research studies, among other, with topics such as studies on the processing of logistical master data, management support, quality assurance and standardization services for Interactive Electronic Technical Documentation (IETD), IT processes and studies about the support of life cycle integration of defense projects, the use of business information warehouse for logistical leadership, concepts for reengineering and migration to web based platforms, concepts for process support by way of document management and the operation for specialist information of the German Armed Forces and the adjustments to the existing legacy systems for the introduction of SAP to the project SASPF and the implementation of new complimentary products.
With less money (TV and radio license fees) available, the broadcasting networks under public law are increasingly forced to reduce costs. An obvious risk factor is the provision of digital services through the Internet which does possibly no longer comply with the mission set for radio and broadcasting networks under public law. The increasing digitalization provides services through all suitable channels as well as end devices and a growing together of administration and broadcasting IT. This results in new, overlapping IT requirements, such as the consolidation of service orientated architectures (flexible structures), overlapping concepts and solutions for the network families, renewal of old applications und possibly integration of existing applications in SAP, increased use of ECM concepts for the economic utilization of the digital archives, an integrated rights management for the distribution through the Internet channel as well as the outsourcing of parts of the IT services, especially computing center operations. In 2008, the business sector Media consisted once again mainly of the customer ZDF. If compared to the previous year, this sector remained largely unchanged during the business year 2008, even though the ZDF has begun to put individual projects up for tender. In this respect, we also expect a sustainable, stable customer relationship. GF, nevertheless, considers itself a provider to all radio and TV broadcasting networks and participates in tenders published by these organizations. The customer is on its way towards a service orientated IT support. The existing IT must be developed and consolidated in this respect and integrated into the business processes. New standards and improved IT processes must be introduced in order to become a competitive IT service provider within one's own organization. Overall, it is even more our goal to both, expand this business sector to private enterprise broadcasters, and also to link it more to the service range of the nextevolution Group. Through the divisional management since October 2008, we were able to expand the service range within a short time to private enterprise broadcasters (DSF).

Customers in the corporate sector Government, where specific projects are currently implemented, include federal authorities in the area of health care and the Department for Food, Agriculture and Consumer Protection. With respect to federal states, BGS is currently active in Bavaria, Berlin/Brandenburg, Baden-Württemberg, Bremen, North-Rhine/Westphalia, Rhineland-Palatinate and Schleswig-Holstein.
In 2008, it was possible to significantly increase the market share in the Federal Republic and the federal state of North-Rhine/Westphalia. This is, among other, due to additional sales efforts and the technical and specialist expertise of the BGS consultants in the legal field. In this respect, the contract for the expansion of the commercial register application AUREG by the AUREG-Verbund for the implementation of the functionalities that are required under the Act for Modernization of GmbH Law and the Fight Against Abuses (*Gesetz zur Modernisierung des GmbH-Rechts und zur Bekämpfung von Missbräuchen —MOMIG*) must be emphasized.
Within the finance segment, it was possible to win back the maintenance contract for the central financial system for the federal state of Rhineland-Palatinate that had been placed for public tender. There are currently also specific attempts to realize a draft sketch within the financial sector for the presentation of the EU Service Directive. In 2008, the way for new topic developments was pointed: The structure of an architecture framework, by which BGS lays the foundation for the economic implementation of IT projects in the years to come, was intensified. Within the topic segment Justice, the prototype of an "Electronic Judicial File" caused some stir during the Moderner Staat (*Modern State*) Trade Fair in Berlin. BGS, together with the nextevolution ECM experts, developed a new, ergonomic approach for file processing based on IBM FileNet P8. In 2008, we also conducted talks about a joint partnership in the justice field with a renowned software producer.

The segment "Industries" successfully increased the turnover during the business year 2008 to EUR 5.79 million (previous year: EUR 5.38 million). Background to same is largely that the CEO AG was included for the full year for the first time after the consolidation during the business year 2007 only took place from October 1st. The CEO AG was not able to complete the business year successfully which is mainly the result of the lack of license proceeds from the sale of the "Reload" software. In addition, it was not possible to complete a number of projects as planned. The other corporate sectors within the segment were largely able to meet the set targets.

Overall, the economic situation of nextevolution group presents itself as satisfactory in consideration of the general economic situation. The orders position for the first six months of 2009 is good which gives us an optimistic outlook on the business year 2009. Despite the general investment resistance, we can observe a satisfactory order situation among our customers. Our customers within the public service, in particular, are currently not yet affected by the general economic crisis. During the business year 2008 we laid the foundations for a successful business year 2009. On the one hand, this was achieved by the successful new establishment of the segment "Enterprise Infrastructure Solutions" and on the other by the withdrawal from the IBM deal in Austria and the closing down of the "Management Consulting" segment. This incurred necessary restructuring costs. We considered, at the same time, with our careful financial reporting practice all risks that we see in the course of the economic crisis. Nevertheless, nextevolution is, of course, also affected by the general economic environment which is difficult. Because nextevolution has a largely fixed cost structure, we currently expect that the essential success factors of the coming business years are set by the sales activities. The expenditure incurred by us for the development of our own software products also leads to possible income from software sales through distribution partnerships and increased activities in the area of software sales.

During the past few years, the financial situation of nextevolution was marked by strong growth. This was essentially financed through the capital increase in 2006 and the extension of the resource credit line.

In 2008, a note loan to the amount of TEUR 1,500.0 was issued. This is intended to support the funding of long-term liabilities in connection with the expansion of the business operations and the establishment of software products in particular. The term of the note loan is 60 months from April 18, 2008. It has a quarterly redemption of EUR 75.0. The note loan is not secured and is dependant on compliance with financial ratios. In case of non-compliance, the bank is entitled to terminate the note loan. As these ratios were not complied with during the business year 2008, there is the risk that the note loan will be terminated. Currently conducted talks allow us not to anticipate a termination. At the same time, the executive and supervisory boards passed a resolution for a capital increase of 102,131 shares at EUR 7.0, i.e. TEUR 715.0, so that a possible repayment of the loan would have only limited affects on the company.

During the business year, nextevolution acquired the remaining 25.0% of nemc and now holds 100% of the stock. On April 14, 2008, nextevolution, as the controlling enterprise, entered into a Subordination and Profit and Loss Transfer Agreement with BGS and qdm. This was approved by the general shareholder meeting on July 12th 2008. The general shareholder meeting of BGS approved the Subordination and Profit and Loss Transfer Agreement on April 14, 2008 and same was recorded in the Commercial Register of BGS on June 18, 2008. The general meeting of qdm also approved the Subordination and Profit and Loss Transfer Agreement on April 14, 2008. The registration with the Commercial Register of qdm took place on July 4, 2008. In May 2008, an integrated group of companies was established between nextevolution and BGS as well as between nextevolution and qdm for all tax types. The integrated group of companies with respect to corporate income tax was established retroactively with effect from January 1, 2008, the integrated group with respect to turnover tax with effect from July 1, 2008.

Net Worth, Financial and Profitability Position

Income

During the business year 2008, it was possible to increase the turnover by an average of 21.0% to TEUR 32,539.1 (previous year: TEUR 26,900.0). The turnover development is, on the one hand, the result of the fact that BGS and CEO were consolidated for the first time for the full year in the business year 2008, while in 2007 BGS was included in the consolidation cycle only from June 1st and CEO only from October 1st, and, on the other hand, the result of the establishment of the new strategic segment “Enterprise Infrastructure Solutions”.

During the business year 2008, the inventory changes in respect of unfinished services were with TEUR -178.9 (previous year: TEUR -386.20) once again declining. This shows that it is possible to bill most services directly to the customer within one year.

The other operating income increased from TEUR 218.80 to TEUR 590.6. The increase can be largely explained by the income from (sub) tenancies, the distribution of remuneration in kind for employees and through the dissolution of accruals.

Material Input

If compared to the previous year, the material input increased in 2008 by EUR 2,211.5 (+26.5%) to TEUR 10,565.2. The material input of nextevolution group essentially consists of expenditure in connection with the employment of sub contractors in the course of service projects (TEUR 5,849.4), the purchase of software licenses (TEUR 1,836.1), which are then invoiced to the customer in the course of implementation projects, and maintenance costs (TEUR 1,002.3) which we incur from software manufacturers in the course of our maintenance contracts with our customers. The engagement of freelance collaborators (project services) is done to minimize the risk of underutilization of our own employees and in order to be able to provide specialist skills in projects where the provision of same through our own employees does not appear feasible. The employment of a certain share of subcontractors that can be immediately released means a risk reduction to the company.

Personnel Costs

The increase of personnel costs by approx. 42.2% to TEUR 16.730.7 (previous year: TEUR 11,769.3) is the result of the increase of the average full-time employee pool from the annual average of 178 in 2007 by 27.5% to 227 in 2008. This increase is due to the launch of the two sites in Cologne and Berlin. The personnel costs per average full-time employee increased by 11.5% from TEUR 66.1 p.a. to TEUR 73.7 p.a. The share of personnel costs in the turnover increased by 7.7 points to 51.4% (previous year: 43.7%). The personnel costs include *ex gratia* payments to the amount of TEUR 17.5 (previous year: TEUR 99.0).

Other Operating Expenses

Other operating expenses increased again during the business year. The increase by TEUR 2,255.3 to TEUR 7,576.1 after TEUR 5,320.8 during the previous year must once again be considered together with the first full-year consolidation of BGS and CEO. The average increase of other operating expenses therefore amounted to 42.4%. In particular, there were disproportionate expenses for third-party service providers (109.3%) due to increased employee finding fees and sales commissions for the intensification of the arrangement of business deals as well as expenditure through decline in economic usefulness. Furthermore, because of the two new sites in Cologne and Berlin, the expenditure for space costs (14.0%) and vehicle costs (61.8%) increased. Advertising and travel costs, on the other hand, were reduced by 16.1%. The other, typical other operating costs were largely analogous to the expansion of business activity.

Net Interest Income

The interest balance was TEUR -268.3 after TEUR -91.3 during the previous year. The increase is, on the one hand, due to the interest for a note loan and, on the other, to the extension of the resource credit line in the course of the expansion of business activity and of turnover. Through the inclusion of the market value of the interest cap agreement, the interest expenditure also includes an amount of TEUR 6.7.

Depreciations

Depreciations increased during the business year 2008 to TEUR 1,552.2 (previous year: TEUR 1,096.0). The depreciations include an unplanned depreciation due to the impairment of an intangible asset of nemc to the amount of TEUR 46.8. No other impairments are included. The remaining increase is essentially the result of the planned depreciation of intangible assets which were particularly allocated as intangible assets in connection with the acquisition of BGS and CEO in the course of purchase price allocation.

Earnings Before Tax

During the business year, the earnings before tax declined from TEUR 760.9 to TEUR -3,215.1. The main reason is the missing of the set turnover targets. This must be, among other, ascribed to the general economic situation. Furthermore, it was not possible to ease the cost structure because it mainly consists of fixed costs. This was aggravated by impairment of value of accounts receivables and stock depreciation.

Taxes

If compared to the previous year, the tax expenditure increased from TEUR 486.0 to TEUR 753.1. The tax burden in 2008 consisted of effective income taxes of approx. EUR 47.2 and deferred tax expenditure of TEUR 705.9.

Current Income

If compared to the previous year, the current income declined from TEUR 274.9 to TEUR -3,968.2. The current income by minority interests was reduced to TEUR -3,696.9 (previous year: TEUR 28.1).

Financial Situation

During the past few years, the financial situation of nextevolution was already marked by strong growth. This was essentially financed through the capital increase in 2006 and the extension of the resource credit line. To fund the business expansion, a long-term loan of EUR 1.5 million was raised during the business year 2008. Overall, the financial situation of nextevolution currently presents itself as satisfactory. Through winning a strategic partner, we are hopeful to be able to further strengthen the equity capital structure during the business year 2009. For this purpose, the executive and supervisory boards of nextevolution passed according resolutions to carry out a capital stock increase by approx. 10% in spring 2009. At the same time, it must be decided how the further business development is to proceed. Further expansion will make more equity funds necessary. Corresponding measures are currently discussed among the respective bodies. The cash balance and the resource credit line remained almost unchanged if compared to the previous year. It was possible to comply with financial obligations at all times.

Financial Instruments

To guarantee the financial flexibility of the company and its subsidiaries at all times, nextevolution maintains a cash reserve in the form of credit lines. As these funds may be drawn at variable interest rates when required, the enterprise is exposed to interest risks. To control this interest risk, interest cap agreements were arranged during the business year 2007. This involves an interest rate swap and an interest cap agreement in the form of a maximum rate agreement with a term of 60 months. The goal is to eliminate the interest change risk with payments that lead to a maximum tapping of the short-term operating credit. The security measures are frequently reviewed in order to adjust them to the interest-rate expectations.

Interest Rate Swap

With an interest rate swap, the company swaps variable against fixed interest payments which were calculated on the basis of agreed nominal amounts. Such agreements allow the corporate group to reduce the risk of changing interest rates for the attributable current market value of fixed-interest debt instruments and cash-flow risks for issued variable-interest debt instruments. The attributable current market value of interest rate swaps on the effective date is determined by discounting future cash flows by using interest structure charts for thee effective date and the credit risks associated with these agreements. The current market value of the interest rate swap was TEUR -65.0 on December 31, 2008. The current market value was determined by the issuing bank by application of recognized mathematical procedures and on the basis of certain assumptions. The average interest rate is based on the outstanding stock at the end of the business year.

- **Interest Cap Agreement**

  With interest cap agreements, the company swaps the interest cap in the form of adjustment payments for interest rates above a certain limit for adjustment payments for the interest balance between the two-year and the ten-year Euribor Swap Rate. The current market value of the interest cap agreement was TEUR -14.0 on December 31, 2008. The current market value was also determined by the issuing bank by application of recognized mathematical procedures and on the basis of certain assumptions.

- **Interest Sensitivity Analysis**

  The sensitivity analysis below was determined by the interest risk exposure of derivative instruments on the balance sheet date. For debts with variable interest, the analysis is made on the assumption that the amount of outstanding debt was on the balance sheet date outstanding for the whole year.

  If the interest would have been 100 basis points higher and if all other variables would remain constant:

  - the annual net profit for the business year would increase by EUR 4,555.0 and
  - the corporate group's equity capital would increase by EUR 33,227.0.

  If the interest would have been 100 basis points lower and all other variables would remain constant:

  - the annual net profit for the business year would be reduced by EUR 902.0 and
  - the corporate group's equity capital would be shown as EUR 34,828.0 lower.

- Short-Term Assets

The short-term assets were reduced by TEUR 3,906.5 to TEUR 8,970.0 (previous year: TEUR 12,877.4) and therefore developed disproportionably negative in relation to the short-term debts. During the same period, these were reduced by TEUR 1,188.4 to TEUR 10,261.6 (previous year: TEUR 11,450.0). The short-term assets consisted to the largest part of accounts receivable (TEUR 7,249.30), production orders with an effective balance (TEUR 507.0) and liquid funds (TEUR 571.7). Most services can be directly billed to the customer on a monthly basis. The inventory stocks position (TEUR 163.4) exclusively shows finished products and goods, such as software licenses for example, which were purchased with the intention to sell them on to the customer.
The significant reduction in accounts receivable by 34.1% to TEUR 7,249.3 (previous year: TEUR 11,000.9) was in particular caused by the fact that the income expected from the business with IBM software licenses did not come. In addition, it was possible to realize customer payments already before the effective date December 31, 2008.

Long-Term Assets

The long-term assets of nextevolution to the amount of TEUR 7,339.2 (previous year: TEUR 8,604.9) consist essentially of intangible assets with a value of TEUR 6,084.0 (previous year: TEUR 6,533.2) and fixed assets with a value of TEUR 940.8 (previous year: TEUR 1,031.8). The intangible assets consist mainly of purchased intangible assets with a value of TEUR 2,843.4 (previous year: TEUR 3,543.1) which were purchased in the course of the acquisition of BGS, net on and CEO and of intangible assets from our own production with a value of TEUR 1,036.7 (previous year: TEUR 746.2). In addition, there are franchises and similar rights to the amount of TEUR 519.2 (previous year: TEUR 559.3). The fixed assets consist almost exclusively of office and business equipment in our office spaces. All positions were largely depreciated as planned.

Short-Term Liabilities

The short-term liabilities to the amount of TEUR 10,261.6 (previous year: TEUR 11,450.0) consist mainly of financial liabilities to a value of TEUR 2,875.5 (previous year: TEUR 2,519.8) liabilities from services and deliveries to a value of TEUR 2,659.7 (previous year: TEUR 4,870.5) and of tax owed to a value of TEUR 1,038.7 (previous year: TEUR 1,120.7) and other debts to a value of TEUR 3,066.7 (previous year: TEUR 2,343.6). The amount of other debts is essentially determined by the various valuation rules under the HGB (*Handelsgesetzbuch* - German Commercial Law) and the IFRS, such as, for example, debts in connection with performance driven components of employee remuneration which are only paid after preparation of the annual accounts. Apart from that, there is still a purchase price debt for the acquisition of BGS to the amount of TEUR 676.7 which was allocated to other debts.

Long-Term Liabilities

The long-term liabilities increased during the business year from TEUR 2,365.5 to TEUR 2,705.0. The change can essentially be explained as the result of the launch of the note loan which is utilized to finance the company in addition to the resource credit line. As a countermove to this, the remaining debts were reduced by TEUR 668.7 to TEUR 15.9 (previous year: TEUR 684.6). This is essentially the result of the reclassification of the debts that have become short-term in the course of the acquisition of BGS.

Outlook For 2009

The current situation of nextevolution indicates that the chosen route will also be followed during the business year 2009. Orders from all segments point to a positive turnover development. The planned verticalization of services proceeds as planned and group integration is also progressing.

Innovation And Development

nextevolution is convinced that its service range with a focus on the application areas Enterprise Content Management (ECM), Enterprise Resource Management (ERM) and Business Intelligence/SEM gains a lot from the development of innovative products. Functionalities are developed on the basis of standard software which cover a large part of the customer's requirements. In doing this, nextevolution works with leading software providers such as SAP and IBM and utilizes their standard product platforms as a basis for their own solutions. In addition, nextevolution provides a range of its own products which typically evolved from project developments but meet specialized market requirements. Focus of the innovation and development activities in 2008 was the further development of our products in the area of Enterprise Content Management.

In this respect, investments in self-produced intangible assets of TEUR 526.0 were made. This also included the development of planning and steering systems for the company.

Employees

As of December 31, 2008, 237 employees were employed by nextevolution group. If compared to December 31, 2007, this resembles an increase by 15 employees. As of December 31, 2008, we overall trained one (previous year: 2) employee as trained clerical worker. Because our services are personnel-intensive and the company has only insignificant material resources, our employees are the company's most important asset. Our operative capability is directly dependent on the qualification, experience and the know-how of our employees.

Executive Board Remuneration

The executive board remuneration that is recognizable as expenditure amounted to TEUR 563.0 in 2008. These consist of non-performance-related remuneration components of TEUR 338.0 and performance related components of TEUR 225.0. On December 31, 2008, the executive board held 15,000 stock options which were distributed as follows:

	Number Options
Peter Ohl	10,000
Nils Manegold	5,000

The amount of performance related remuneration is determined by planned values for turnover and result as well as the achievement of qualitative targets. The value of the stock options is dependent on the stock price of the nextevolution stock. The exercise of the stock options is subject to certain terms and conditions. The exercise may only take place in 2009 and 2010. By resolution of the general meeting of July 12, 2007, the disclosure of individual executive board remunerations under s. 286 (5) HGB (*Handelsgesetzbuch* —German Commercial Code) does not have to take place until 2011, July 11, 2012 at the latest.

Supervisory Board Remuneration

Remuneration of the Supervisory Board of nextevolution is provided for under s. 21 of the Bylaws. According to this provision, members of the supervisory board shall receive a fixed remuneration in addition to their expenses. With respect to remuneration, twice the amount received by the other supervisory board members was allocated to the Chairman of the supervisory board. The fixed remuneration is 10,000 Euro for the Chairman of the supervisory board and 5,000 Euro for the other supervisory board members. During the business year 2008, nextevolution did not grant any advances on future remunerations or loans to members of the supervisory board and did not provide guarantees to the benefit of these persons.

- Equity Capital

The enterprises‘ equity capital decreased during the business year by TEUR 3,373.4 to TEUR 3,343.4 from TEUR 6,716.8 in the previous year. The capital stock is now EUR 1,077,869.00 (previous year: EUR 1,000,000.00) and consists of 1,077,869 named individual stock certificates. The change results from the increase of noncash capital through the acquisition of shares (64.8%) in the *Centrum für Etragsoptimierung AG*, Mainz, Germany, which was registered with the Commercial Register (*Handelsregister*) on January 14, 2008. The company’s capital reserves increased from TEUR 8,557.8 by 10.2% to TEUR 9,439.0 and include the extra funds from the issue of stocks by nextevolution.

Approved Capital

Under s. 4 (3) of the Charter of nextevolution, the executive board, with the approval of the supervisory board, has the authority to increase, once or several times before July 11, 2012, the company's capital stock by issuing new named individual stock certificates for cash contributions or contributions in kind, but not by more than EUR 422,131.00 (approved capital 2007).

Authorized But Unissued Capital 2006

The company’s capital stock was increased by EUR 50,000 subject to contingency by the issue of up to 50,000 named stocks (individual stock certificates) (Authorized but Unissued Capital 2006). The authorized but unissued capital increase is exclusively intended to satisfy the options that are granted until March 8, 2011 in accordance with the authorization passed by the general meeting on March 8, 2006. The authorized but unissued capital increase is only carried out insofar as the owners of the issued options exercise their right to acquire stock of the company and where the company does not provide its own stock in order to satisfy the options. The new stock participates in the profit from the start of the business year during which it was created through the exercise of the options.

Authorized But Unissued Capital 2007

The company’s capital stock was increased by EUR 50,000.00 subject to contingency through the issue of up to 50,000 named stocks (individual stock certificates) (Authorized but Unissued Capital 2007). The authorized but unissued capital increase is exclusively intended to satisfy the options that are granted until July 11, 2012 on the basis of the authorization by the general meeting of the stockholders on July 12, 2007. The authorized but unissued capital increase is only carried out insofar as the owners of the issued options exercise their right to acquire stock of the company and where the company does not provide its own stock in order to satisfy the options. The new stock participates in the profit from the start of the business year during which it was created through the exercise of the options.

The supervisory board has only authority to pass amendments to the Charter that apply to the version. For further details see ss. 133, 179 AktG (*Aktiengesetz* —German Stock Corporation Act). Apart from that, the supervisory board decides on the conclusion, the amendment or the termination of the employment contracts with the members of the executive board. For further details see ss. 84, 85 AktG (*Aktiengesetz* —German Stock Corporation Act).

➢ Shareholder Structure

As of December 31, 2008, the nextevolution shareholder structure was as follows:

fentus 6. GmbH / Dr. Reiner Bischoff	60,30 %
Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte	8,35 %
Fortis Investment Management	6,73 %
Shareholder Value Beteiligungen AG	3,25 %
DB Platinum SICAV, Luxemburg	2,88 %
Peter Ohl	1,84 %
Autos International Fund	1,86 %
DAB Advisor	1,39 %
Allianz Global Investors	1,39 %
Nils Manegold	0,73 %
VRM Fund European small & mid cup	0,60 %

As of December 31, 2008, the following members of executive board and supervisory board held nextevolution shares:

Peter Ohl (Chief Executive Officer)	19,834 shares
Nils Manegold (Vice President Finance)	7,849 shares
Hans-Jürgen Beck (Supervisory Board Member)	3,300 shares
indirect through FGB Financial Global Network Beteiligungs AG	

Supplementary Report

The supervisory board member Mr. Hans-Jürgen Beck retired from his supervisory board position with effect of January 31, 2009. The Commercial Register Court Hamburg has appointed Mr. Sascha Magsamen to the supervisory board with effect of February 1, 2009. On March 3, 2009, the executive board passed a resolution to increase the capital stock by EUR 102,131.0 to then EUR 1,180,000.0 by utilizing the approved capital 2007. The supervisory board approved this resolution on March 10, 2009.

In January 2009, it was possible in the short term, to sell the 51% subsidiary net on. This happened without respective planning or any prior intention to sell on behalf of the management. Instead, the subsequent purchaser approached BGS unexpectedly in 2009. net on was active in the service focus "Enterprise Infrastructure Solutions". nextevolution group provides mainly approaches and implementations of storage and server solutions in connection with the service focus "Content Management Solutions" and "Web-portal based Business Solutions". The major part of the net on business volume was, however, based on PC support, system management and Citrix consulting as well as network business.

Annual Financial Statement Oath

We declare to the best of our knowledge that under the applicable accounting rules the annual financial statement or the corporate group provides a reflection of the company's actual situation regarding assets, finances and profitability and that the annual report of the corporate group presents the course of business including the operating result and the corporate group's situation in such a manner, that a representation of the actual situation is conveyed and that significant opportunities and risks in the foreseeable development of the company are described.

Risk Report

Business activities create opportunities but also risks. It can therefore be said: The achievement of economic success is more or less inseparable connected to various risks. nextevolution finds itself exposed to the typical risks of an IT service provider. In the spirit of value orientated, responsible management, it is the goal of the management to resolutely utilize opportunities, to identify risks in good time and to steer in a forward-looking manner. In steering the operative business of nextevolution, mainly the core measures turnover, gross yield and operating result are applied. The steering values are reconciled with each other in order to achieve profitable growth.

➢ Risk Management and Risks of Future Business Development

Under s. 91 (2) AktG, the executive board with its overall responsibility for the corporate group installed a monitoring system for early risk detection and evaluation. This risk detection system is an integral part of the planning, steering and reporting process. By means of a risk management system risks are effectively identified. The system was implemented throughout the company. nextevolution takes a bottom-up approach for the early detection and communication of risks. In doing this, the management of the subsidiaries and the management of the respective operative corporate sectors report by regular monthly reports, a rolling planning process as well as the monitoring of the order book and the sales pipeline about developments and risks within the respective corporate sectors. The controlling has a central position within the risk management system. The results are discussed, tracked and processed by various management circles on different hierarchical levels. These risks are in parts correlated so that they cannot be looked at in total isolation. The nextevolution risk management system makes provision for this and considers all risks together in order to be able to discover interdependencies. The cooperation of executive and supervisory boards is also part of this process of integrated early risk detection.

➢ Risks from the Macroeconomic Development

In the current economic situation, it is difficult to assess or plan the risks arising from the macroeconomic development. It is almost impossible to deduce the concrete effects on society from the various scenarios and interrelations. The situation is aggravated by the fact that various economic measures only arrive with great delays and also only in a format that was amended to the real-economic situation and to those aspects that affect that part of society. Also, many responses take place very rapidly and even for experts unexpectedly. For the turnover share that is achieved in the public sector or in dependence on the public sector, we are hopeful that the counter measures introduced by the Government (economic stimulus package) have fast and concrete effects on the company's turnover. Our private sector customers are likely to opt for a reduction of IT investments or IT expenditure respectively once our customers can assess whether the crisis will last past 2009. It must be noted that IT investments may be delayed in these economic difficulties which may lead to a reduction of the result of nextevolution, which is a service provider with an essentially fixed cost structure. A real risk controlling in this respect is, however, only possible to a very limited extent as the interrelationships are very unclear.

- Liquidity Risks

Liquidity risks are continuously faced with short-term liquidity planning and demand forecasting. The goal of liquidity management is to ensure sufficient funds flexibility. This requires in particular sufficient credit lines which are constantly monitored and adjusted to the current requirements. Changes to the market interest affect the company insofar as the interest applied is subject to the Euro Overnight Indexed Average (EUONIA). With respective long-term interest development, this risk can be faced by restructuring to long-term fixed interest loans. In this respect, nextevolution relies on derivate financial instruments to secure the level of interest rates of parts of the resource credit line. Risks may arise from these financial instruments. However, because financial instruments are also used for safeguarding, no sale of the instruments is intended. Therefore no price change risk arises. A possible default risk is only limited as the contractual partner is a major German bank. Liquidity risks are also largely excluded because the cash flows develop reciprocally to the cash flows from the resource credit lines or are of subordinate significance. There are credit lines with a total of EUR 3.25 million to meet the short-term liquidity requirements, in particular for the purpose of turnover funding. There are insofar risks as that the bank under its terms and conditions reserved the right to terminate the loan commitment at any time. The loans are secured with customer accounts. The note loan is not secured and is dependant on compliance with financial ratios. In case of non-compliance, the bank is entitled to terminate the note loan. As these ratios were not complied with during the business year 2008, there is the risk that the note loan will be terminated. Currently conducted talks allow us not to anticipate a termination. At the same time, the executive and supervisory boards passed the resolution for a capital increase of 102,131 shares at EUR 7.0, i.e. TEUR 715.0, so that a possible repayment of the loan would have only limited affects on the company. Because billing is predominantly in Euro, foreign exchange risks due to foreign currency fluctuations are of subordinate significance. Therefore no hedging deals were done in this area. Liquidity risks may also arise for nextevolution if the payment terms agreed with the customers are not complied with. This may lead to a situation in which nextevolution may neither be in a position to pay its liabilities as agreed unless sufficient resource credit lines are granted.

- Market and Sales Risks

One risk within the project business is the increasing dependency on major customers. During the business year, the turnover from the ten largest customers was with approx. 47.0% above the previous year during which it amounted to 44.2% of the total turnover achieved. Furthermore, the average project lifetime is less than 12 months so that no cluster risks over an extended period of time can be created. Such risks are also closely monitored through close major customer care. Possible negative developments in customer relationships can be identified in good time and corresponding countermeasures can be instituted. Furthermore, we try to counter the risk of dependency on individual major customers by expanding the sales activities by which a targeted expansion of the customer base is achieved. The maintenance business does pose risks as our maintenance contracts can generally be terminated annually. Experience has, however, shown that maintenance contracts have a longer term than that.

- Project Risks

Possible project risks with respect to quality of the service provision and the associated risks arising from warranties and liability are largely met by nextevolution by entering into service agreements that are billed monthly and therefore are largely limited in respect to liability. It is ultimately the employees and executives of nextevolution that provide the basis for the marketing and provision of qualified services. Assuring the quality of our employees is a focus point of the daily leadership work which is specifically developed through cross– functional training and workshops. Assuring service quality also has the consequence that nextevolution is better equipped to meet other risks such as pricing pressure from other providers. This is also subject to constant market observation in order to identify trends early and to be able to take counter measures. The possible risk of declining orders due to the macroeconomic situation can only be met to a limited extent by measures of the company. Frequent evaluation of the project handling by internal project management, the use of a cross-functional ERP system and supplemental measures such as budgeting and increased controlling support the minimization of internal risks.

- HR Related Risks

HR related risks arise for nextevolution from potential fluctuations of employees in key positions. In case of retirement of a member of the nextevolution executive board or of employees in key positions, there is the danger that the company may not be able to recruit qualified executives or persons with comparable know-how for the respective challenges within reasonable time and in line with market conditions and, thus, to ensure continuous, successful management. It is therefore a stated objective of nextevolution to hold on to and to motivate this human capital. Because of the strong employee commitment, the risk of noticeable impairment of business development through the loss of top performers is currently assessed as not very high. Through the increasing regional expansion of nextevolution and growing customer awareness, opportunities arise to become noticed by potential employees as an attractive employer.

- Risk from the Dependency on Software Manufacturers

There are risks from the dependency on a few software manufacturers because of the close link between the company's business operations with various standard products of major software manufacturers —in particular SAP and IBM which provide the basis for part of the consultancy activities and foundation for some of our own IT solutions. nextevolution is therefore to some extent dependent on the success of the application software from these software manufacturers. The risk of price increases that cannot or only partially be passed on to the customer is very low.

➢ Risks from the Use of Information Technologies

The IT risks are within the normal scope of an enterprise working with IT software and respective hardware. Data is safeguarded by specific software against attacks from hackers and protected against viruses. The network is based on a Virtual Private Network (VPN) which uses the Internet as transmission medium. The probability of total failure of the Internet is perceived as low.

➢ Risk from Expansion

A new risk arises from the expansion of nextevolution to new business sectors and the targeting of the real estate industry and the public sector. Risks in this respect may arise, as with any new project to tap new markets, in that the startup losses may be higher than planned or the market entry in itself is unsuccessful and the associated market entry costs are therefore lost. This risk is met with timely controlling of the developments in the new business sectors.

We do not see any further significant risks.

Forecast Report

Based on our industry knowledge and assessments we expect that we are in a good position for the following two business years and expect, that market demand for our services will increase. However, the macroeconomic developments cause us to look forward with caution. We see the industry development and the development of our customers generally positive but it is impossible to fully anticipate the effects of possible phases of macroeconomic weakness. We therefore intend to act cautiously and to allocate our resources, for example, in such a way that we are at any time able to quickly and flexibly respond to fluctuations in demand.

The close service relationship with the areas Content and Portals as it is set out in the generic orientation ECM is important to us in this respect. The industry specific service range will include consultancy, system integration and application management in respect to full business solutions including underlying business processes. We will, furthermore, continue the expansion of the vertical service dimension so that we will be able to approach customer projects in an even more comprehensive manner.

Within our service program ECM we intend to continue to follow the route taken in 2006. We will also expand our range by products that are tailor-made for the specific requirements of companies. In this area we intend to provide products which are based on the standard software solutions but which already largely cover the customer requirements. In this respect, there is a risk that these products developed by us are not needed by the customer. Step by step, distribution is also planned to take place through distribution partners in order to noticeably expand our reach.
After a successful start in 2008, we expect continued turnover growth within the segment Enterprise Infrastructure Solutions. We anticipate further potential through the link with the ECM segment in particular.
In the business sector Defense within the Public Sector segment, we must primarily take into account the changed situation in respect of ordering through the linked performances of BWI. Orientation towards this and, in the background, the ordering organization of the *Bundeswehr* (German Armed Forces) with the *Bundesamt für Wehrtechnik und Beschaffung* (Federal Agency for Defense Technology and Procurement), the IT-Agency and the utilization management will be pushed again in terms of quality and quantity in 2009. The development of the business sector is increasingly determined by the process and specialist skills of the BGS employees about the customer’s value chain. Apart from the expertise in software engineering, employees increasingly acquire skills in the fields of process and specialist consultancy in this way. BGS thus gains access to projects with high analytical, planning and research components. The consultancy service scope is increasingly extended. In this respect, the BGS services are mainly in the areas of management and utilization support, the planning of logistic value-added activities and support with the evaluation and provision of logistic master data for SAP.
The prior service scope of BGS in the business sector Media, realization (SWE, Integration, Software Maintenance and Amendment), operations management (System Management) and, to a lesser extent, consultancy in the ZDF environment, will in future be extended both with respect to content as

well as customer base. The strategic alignment of the business sector generally targets the support of companies in the media sector through competent and efficient consultancy with the implementation and new creation of business processes and the integration of complex system landscapes. In doing this, orientation must no longer be exclusively towards the traditional television networks but the constantly growing market of new distribution media and the field of service providers within the segment Broadcast and E-Center are to be expanded. As GF Medien does not have the respective product range, cooperation with providers of standard products is aimed at; and, where such cooperation already exists, it will be extended. First talks have already been conducted. One goal of this strategy is the ability to become a provider of complex integration projects. The synergies resulting from these partnerships must be primarily seen in the utilization of existing networks and the mutually supplementing competencies (creation of a win-win situation). Additionally, the planned increased cooperation with the corporate sectors of the nextevolution group is intended to create further growth potential. The business sector Media positions itself through the mentioned measures in connection with an increased sales orientation to achieve, contrary to the current global and national economic development and forecasts, through the expansion of business with existing and new customers, a positive development of the corporate area. Because of the structural pent-up demand for modernization of the processes within public administration and against the backdrop of the additional budgetary means that became available through the massive tax increases in 2007, we anticipate a growing market for consultancy services in the IT sector until 2010. It has, however, become very clear, that customers from federal agencies and state governments increasingly demand complex architecture consultancy for the modernization of processes or to create links with interactive services for the trade sector and citizens. On occasion, existing components for the handling of data transmissions, to ensure confidentiality and authenticity and to secure cashless payments, are already used. Systems for the integration of application processes in agricultural grant systems and electronic procurement systems are just two examples of the many projects that are currently planned. The EU Service Directive, that is discussed by many IT service providers with allegedly completed solutions, will only find the necessary statutory basis during early summer 2009 as the public administration sector will only at that time have analyzed the impact on the numerous laws. Still, there is a high demand for consultancy and implementation services with the transition of public budgets from cameralistics to double-entry bookkeeping or the enrichment of cameralistics with commercial elements respectively. A number of investments in the area of financial systems can also be expected due to the introduction of the new European standards for financial transactions SEPA, Single Euro Payments Area. In the meantime, the introduction of HR management systems is considered more intensively in some federal states than a few years ago. In some cases public administrations are also beginning to look at document management solutions again after many projects had previously failed during implementation because of insufficient preparation.

With respect to customers from the real estate industry, we continue to anticipate that, apart from the current major project, the developed “reload“ solution will be at the center of our sales efforts. We expect first successes for 2009. At the same time, we see good possibilities, to increase our turnover in the area of Integrated Customer Management.

Our overall growth is to be continued throughout 2009 and 2010 by combining organic and inorganic growth through acquisition of companies or teams. In doing this, we will pay attention to a continued and consistent nextevolution service range that distinguishes itself in particular through high cross selling potential. This does, however, bear the risk, that integration may not fully succeed and therefore customers that were taken over during this process may be lost.

In the course of this growth it is again intended to target new industries. Of interest to us are industries which, on the one hand, emerge as a niche in the eyes of an IT consultant and are marked by close proximity to the topic Documents and Contents on the other. This also bears the risk that the approach of new industries is not successful and that expenditure in this respect is not met by respective income.

With respect to the financial situation, we are planning that the funding of the necessary operating resources will be made available through corresponding resource credit lines or long-term loans respectively. Apart from the capital increase that was decided in March, we aim at further capital increases once the markets allow us to do so or once capital increases should become possible at attractive rates in the course of noncash capital increases. We therefore anticipate that we will be able to achieve a sustainable turnover increase in 2009 and that we will be able to continue this development past 2009. A quantitative assessment of the turnover and the results for the business year 2009 and, in particular, subsequent business years is not possible in any useful way in consideration of the uncertain economic overall situation.

- Opportunities for Future Business Development

Because of its good position as IT system integrator, nextevolution faces numerous opportunities for growth in the field of Enterprise Content Management and in connection with the targeting of dedicated industries. With the highest IBM PartnerWorld membership level Premier and as SAP Special Expertise Partner, we are in a position to also fully serve large customers. We see in the opening-up of these industries, in particular, growth potential through the combination of extensive industry knowledge with technological skills. The continued verticalization of our service range by the topic area Storage provides us with the possibility to offer our customers services that go even further. Because of our high specialist know-how and the longstanding customer relationships in the Public Sector segment, in particular, we see at the same time good possibilities for business development.

- Productivity Improvements and Utilization of Scale Economies

Continuously improving planning, continuously improving project controlling, intensive “on the job” training and the recycling of successful concepts and solution components continue to be the focus of our activities and provide the basis for sustained result improvements.

- **Utilization of Synergy Effects within nextevolution group**

The majority takeover of BGS by nextevolution will continue to lead to synergies in respect of employee utilization, purchasing and provision of central services in 2009.

- **Improved Solution Range**

The clear dedication to the customer’s business processes and the service orientated IT alignment will determine the future solution range. nextevolution relies in this respect on tested solution components, including those from partners, in order to clearly improve the business opportunities.

Mainz, on March 30, 2009

Signed: Peter Ohl

Signed: Nils Manegold

Supervisory Board's Report

The supervisory board closely monitored and provided advice to the executive board throughout the business year 2008. The board exercised the tasks and powers to advice and monitor the executive board granted to it under law and the Charter of the company without curtailment.

Throughout the reporting period, the executive board informed the supervisory board frequently about the situation and the corporate development of the company and its significant associated companies and the risk management. The supervisory board addressed and discussed the reports of the executive board in detail during its meetings. Where required under law and the Charter, the supervisory board conducted votes after evaluation and discussion in respect of reports and resolution processes of the executive board. The business development and strategic orientation of the company were addressed and discussed in detail in altogether five meetings of the supervisory board with the executive board. The supervisory board did not establish any committees. The ordinary meetings of the supervisory board took place on February 25, 2008, on April 14, 2008, on May 29, 2008, on July 17, 2008 and on November 25, 2008. In addition, the executive board informed the members of the supervisory board about the current business operations by monthly reports.

Focus of the Work of the Supervisory Board

Frequent topics of the meetings included, apart from corporate group turnover and result developments, the general corporate planning and strategy as well as the financial situation and the risk management. Over the past business year, the supervisory board dealt repeatedly and in detail with the developments and changes in the German IT market. Particular focus points included the level of integration of BGS and CEO and the remaining structuring of nemc and ne Austria.

The executive board explained the projects to the supervisory board and continuously reported by way of analysis reports and other detailed documents.

The supervisory board requested to be informed through detailed documentation about the current financial situation and the respective planning for the following business year 2009.

Supervisory board and executive board once again discussed the implementation of the German Corporate Governance Code (DCGK) in the version of June 12, 2006 and assessed the efficiency of the activities of the supervisory board. This business report includes further explanations about the nextevolution Corporate Governance and the Declaration of Compliance in accordance with s. 161 AktG which was passed in October 2006 for the last time. With the exception of five recommendations, which are currently not applied, the recommendations of the "Government Commission German Corporate Governance Code" (*Regierungskommission Deutscher Corporate Governance Kodex*) are complied with.

Personnel Changes in the Supervisory Board

There were no changes to the composition of the supervisory board during the business year 2009. Mr. Hans-Jürgen Beck has retired from his supervisory board position with effect of January 31, 2009. Mr. Sascha Magsamen was appointed by the court as his successor with effect of February 1, 2009.

Year-End Results and Consolidated Financial Statements

The year-end results of nextevolution prepared by the executive board with effective date December 31, 2008, the consolidated financial statements and the annual reports for nextevolution and the corporate group were audited by the auditor Dr. Andreas Grau, Frankfurt am Main, Germany, who was elected by the shareholder meeting on July 12, 2008.

The auditor granted in each case an unrestricted statement of compliance.

The year-end results of nextevolution prepared by the executive board with effective date December 31, 2008 and the consolidated financial statements, the annual reports of nextevolution and the corporate group and the auditor's reports were submitted to the supervisory board in good time before the respective meeting. In accordance with s. 171 AktG we assessed the submitted results and reports ourselves. The auditor attended the supervisory board meeting that dealt with the year-end-results, reported on significant findings and was available for further explanations.

After final completion of our assessment we have no objections to raise. The supervisory board passed the year-end results and consolidated financial statements with effective date December 31, 2008, including the business reports, during the meeting on March 30, 2009. The financial statements are hereby certified.

The nextevolution risk management system was assessed by the auditor. Accordingly, the system is suitable to meet the statutory tasks.

The supervisory board wishes to express its gratitude to the members of the supervisory board and all employees for their commitment and the work done.

Hamburg, on March 30, 2009

On behalf of the Supervisory Board

Signed: Franz-Josef Lhomme
Chairman of the Supervisory Board

Auditor’s Certificate

I audited the consolidated financial statements —consisting of balance sheet, profit and loss account, statement of changes in equity, flow of funds analysis and appendices —as well as the group management report for the business year from January 1st to December 31st, 2008 of nextevolution Aktiengesellschaft, Hamburg, Germany. The preparation of the financial statements and the group management report in accordance with IFRS, as it is applicable within the EU, and the applicable supplementary trade law related provisions under s. 315a (1) HGB and the complimentary provisions of the Charter, lies within the responsibility of the legal representatives of the company. Based on the assessment carried out by me, it is my task to provide an opinion on the financial statements and the group management reports.

I carried out my statutory group audit in accordance with s. 317 HGB under observance of the German principles governing adequate and orderly audits determined by the *Institut der Wirtschaftsprüfer (IDW)* (Institute of Auditors). According to same, the audit must be planned and performed in such a way, that any incorrectness and breaches that would have a significant effect on the picture that is presented in respect of the net worth, financial or profit situation by the financial statements under observance of the applicable statutory accounting requirements and the group management report, are detected with sufficient certainty. With the determination of the audit activities, any knowledge about the business activities and the economic and legal environment of the enterprise as well as anticipations of possible errors are taken into account. In the course of the audit, the effectiveness of the internal control system in relation to accounting and evidence of the information contained in the financial statements and the group management report is tested on the basis of random samples. The audit includes the evaluation of the year-end results of the enterprises included in the consolidated financial statement, the definition of the consolidated group, the applied accounting and consolidation principles and the essential assessments of the statutory representatives as well as the assessment of the overall presentation of the financial statements and the group management report. I am of the opinion that my audit provides a sufficiently secure base for my assessment.

My audit led to no objections.

In my assessment, based on the knowledge gained during the audit, the financial statements comply with the IFRS, as applicable within the EU, and the applicable supplementary trade law related provisions under s. 315a (1) HGB and the complimentary provisions of the Charter and provides under observance of these regulations a picture of the net worth, financial and profits situations that corresponds to the actual situation. The business report is in line with the consolidated financial statement, provides an overall accurate reflection of the situation of the corporate group and accurately presents the opportunities and risks of the future development.

Without restricting the assessment, I point out, that the company has issued a note loan with a nominal amount of TEUR 1,500.0 and a term of 60 months. The note loan is dependent on compliance with financial ratios. In case of non-compliance, the bank is entitled to terminate the note loan. As these ratios were not complied with during the business year 2008, there is the risk that the note loan will be terminated with immediate effect. According to information from management, talks are currently conducted on the basis of which management does not anticipate that a termination will take place.

Frankfurt am Main, on March 29, 2009

Dr. Grau, Certified Public Accountant

Contact

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Executive Board

Peter Ohl, Nils Manegold

Chairman of the Supervisory Board

Franz-Josef Lhomme

Financial Calendar

Publication Annual Report 2008	03/31/2009
Publication Report Q1 2008	05/15/2009
General Meeting of Shareholders 2009	June/July 2009
Publication Report mid-term 2009	08/14/2009
Publication Report Q3 2008	11/13/2009
Analysts Conference (*Deutsches Eigenkapitalforum*)	November 2009

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