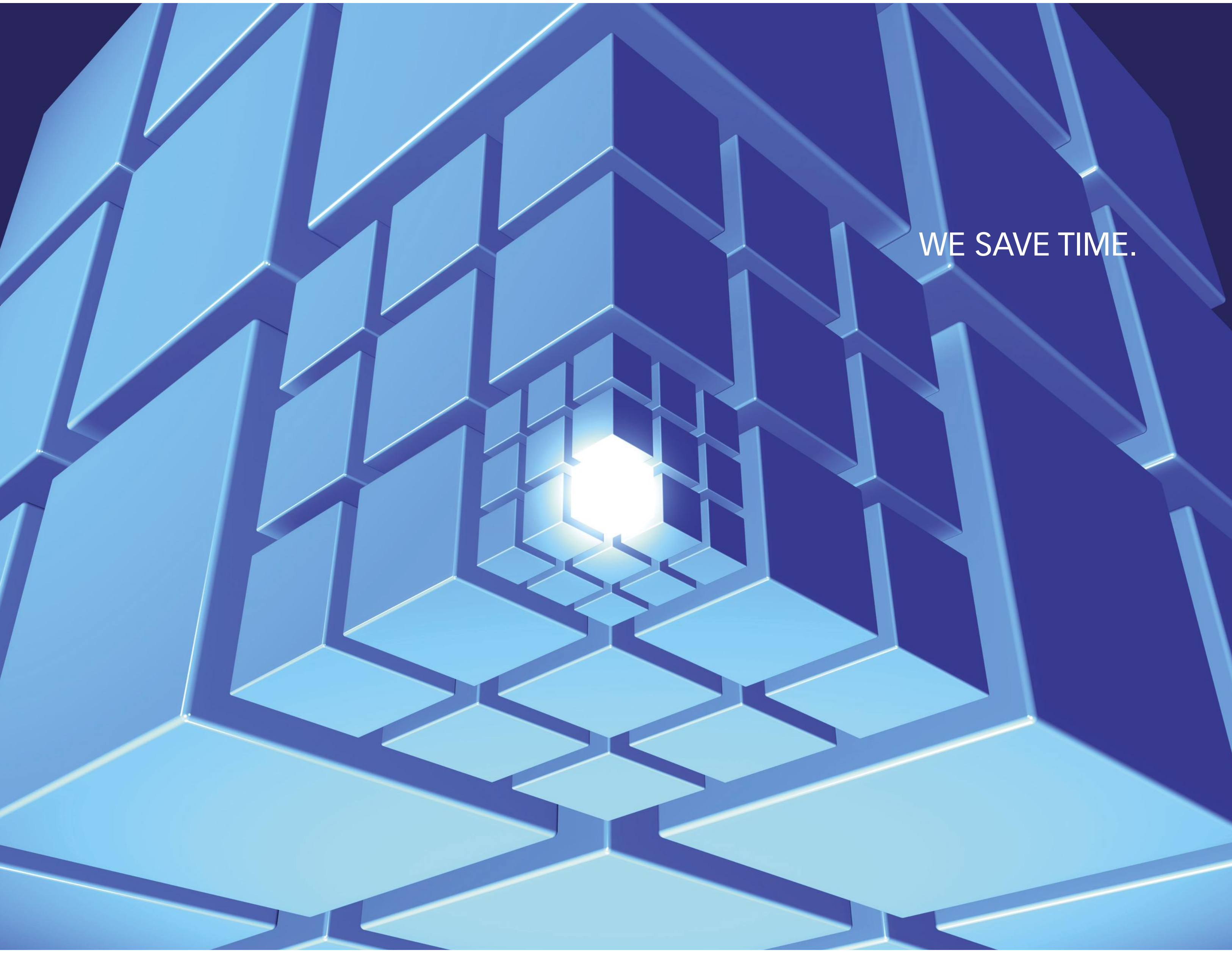
Financial Report 2009



EASY SOFTWARE
SOFTWARE FOR DOCUMENTS

Contents

Preface by the Management Board

Dear shareholders and business associates, partners and employees,

2009 was marked by a very changeable sales trend for EASY SOFTWARE AG. While the first quarter was still within the scope of the assumed trend, sales during the second and third quarters in particular fell behind expectations. During the fourth quarter of 2009, EASY SOFTWARE AG was able to initiate a decisive reversal of the trend, achieving extraordinary successful revenues at year's end.

Due to the measures taken by the Management Board already in 2008 to reduce other operating expenses and to the higher quality of consulting services, EASY SOFTWARE AG was able to achieve a significant improvement in operating results compared to the prior year, and to set the conditions necessary for future company growth.

In the product environment, the focus in 2009 was on further extension of process solutions. Stronger integration of workflow components into the archiving solution allows very professional and quick implementation of customer requirements to sectoral solutions. The use of efficiency-enhancing enterprise content management systems (ECM systems) is gaining in significance for cost-conscious corporate governance. Being a co-founder of ECM Allianz Deutschland GmbH, EASY SOFTWARE AG sets high standards with its solution offerings. For this reason, the Management Board expects an increase in sales and operating results for the financial year 2010.

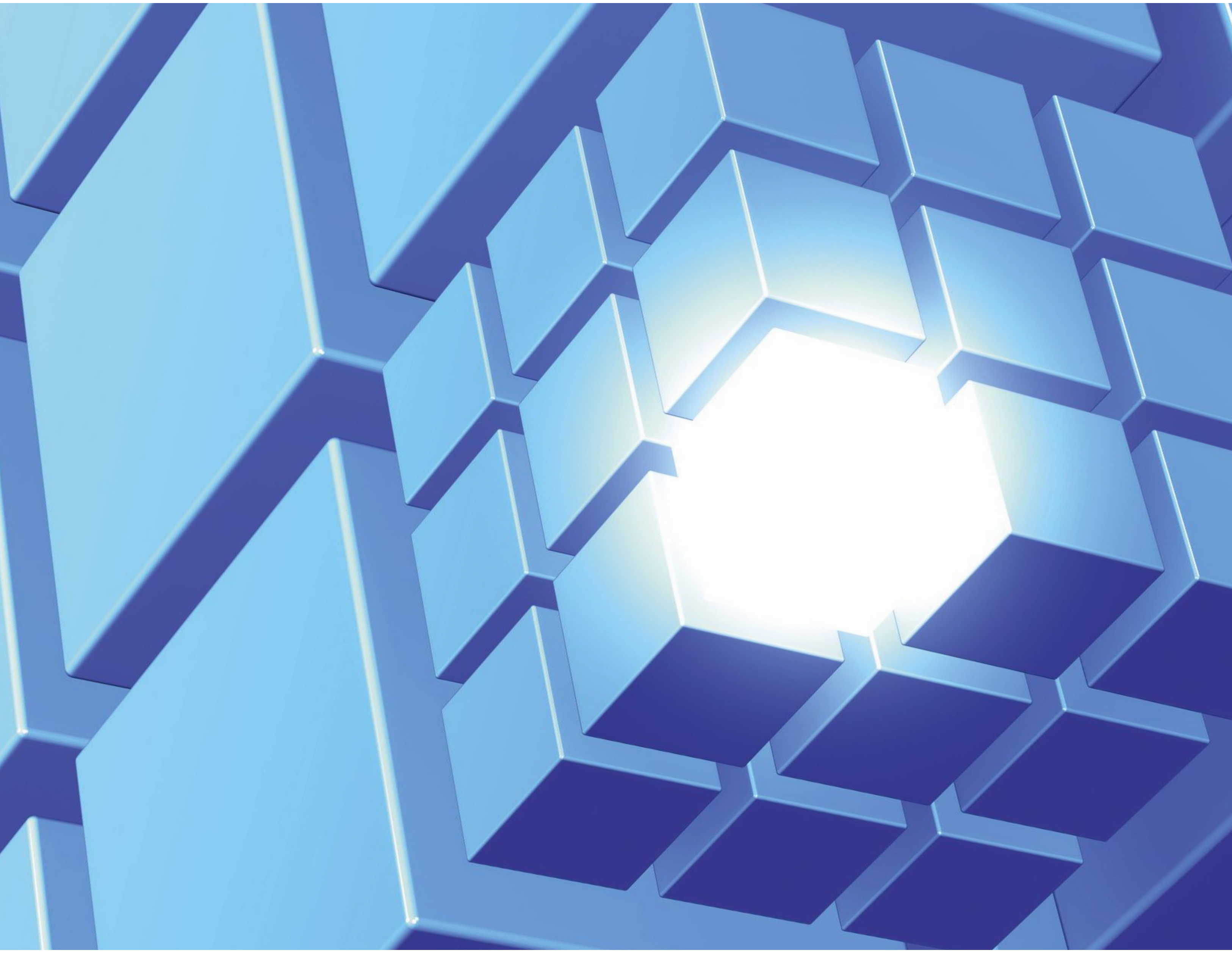
The constant increase in the depth of added value, the great number of existing customers, and extension of the domestic and foreign partner sales & distribution channel lead to further profitable growth of EASY SOFTWARE AG. Maximum input and extraordinary commitment on the part of our employees will achieve a sustainable increase in the company value of EASY SOFTWARE AG.

We would like to thank our employees and partners for their excellent willingness to perform, and our customers and shareholders for their confidence in our corporate orientation. We look forward to continuing our trustful collaboration.

The Management Board

Gereon Neuhaus (Vorsitzender)   Andreas C. Nowottka

The Company



With more than 10,000 customer installations, EASY SOFTWARE AG is a leading developer and provider of software solutions for electronic document management (DMS) and enterprise content management (ECM).

These are developed on the basis of the latest technologies, enabling companies to successfully formulate their business processes. EASY provides solutions for revision-proof document and data archiving, ensuring transparency and organization for all relevant documents and records.

Documents are held in an electronic workflow, which replicates the user's business processes, in a structured manner across application boundaries. EASY products integrate with all renowned business software applications by IBM, HP, Microsoft, Oracle, and SAP.

This allows EASY SOFTWARE customers to use the benefits of a structured data flow, including the corresponding process, time and cost benefits, in their traditional application environment. The EASY consulting team and EASY partner companies integrate the products into customers' existing system environments, providing consulting services for optimizing their sectoral business processes.

With its numerous existing customers, its use of innovative software technology, its clear-cut focus on growth markets and the existing partner network, EASY SOFTWARE enjoys a solid position in the market, and offers users maximum customer benefit and investment protection.

KEY FIGURES (IFRS) OF THE GROUP

in € million	2009	2008
Sales revenue	22,3	24,4
Earnings before tax – EBT	1,0	0,1
Net income	0,8	0,1
Earnings per share in €	0,14	0,03
Balance sheet total	15,0	17,4
Equity	12,1	11,2
Equity ratio	81 %	64 %
Employees (annual average)	165	169

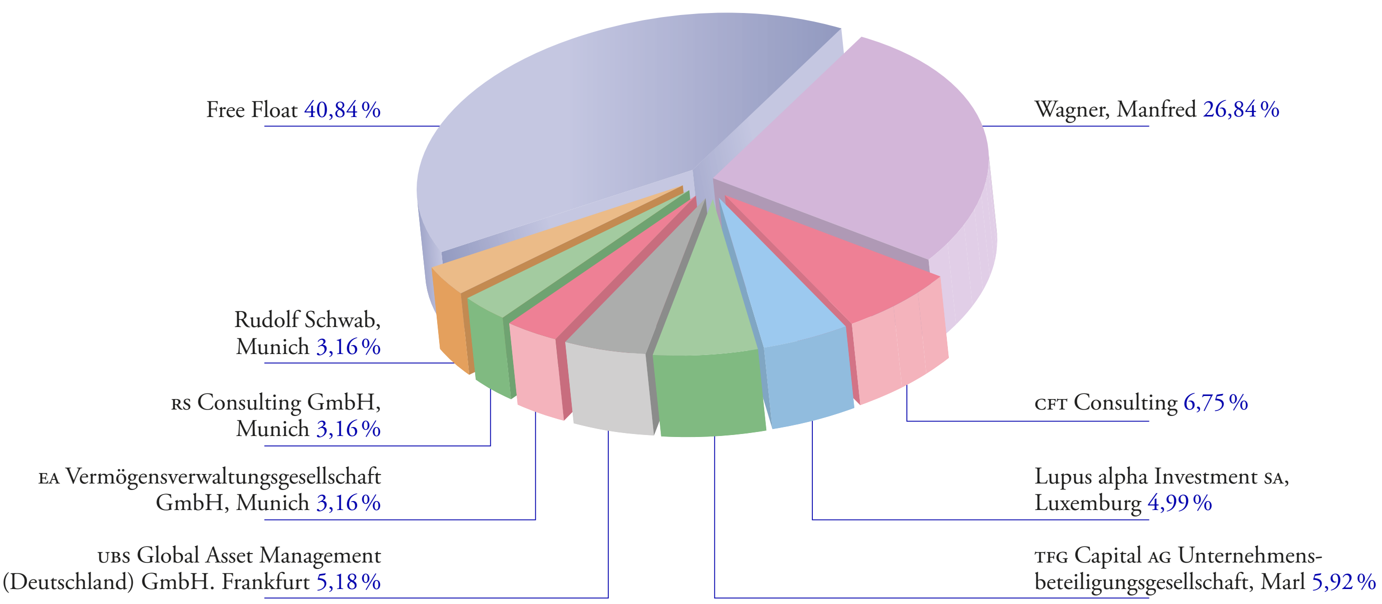
The EASY stock

Investor confidence in the international capital markets was still strained by the impact of the financial and economic crisis, particularly during the first quarter of 2009, when many market participants expected a long-lasting recession. The middle of the second quarter saw a significant improvement of the mood, initiated by extensive government and central bank support measures as well as hope for quick economic recovery, resulting in wide recovery of global stock markets. Investor confidence and risk tolerance gradually returned. Additionally, stock prices were spurred by existing high liquidity of investors. After a temporary minor decline in prices by mid-year, due to improved economic data, stock market prices boomed again during the course of the third quarter. The DAX index was able to catch

KEY FIGURES OF THE EASY STOCK

ISIN	DE0005634000
WKN	563 400
Stock symbol	ESY
Type of share	Bearer shares (no-par shares)
Market sector	General Standard, regulated Market
Market locations	XETRA, Frankfurt, Hamburg, Berlin, Stuttgart, Düsseldorf

Shareholder structure



up on losses from the previous year; at year's end 2009, it gained about 24% compared to the previous year. The DAX Sector All Software Index even increased at about 38%.

Performance of the EASY stock in 2009 was also very positive in this environment. After a low of €1.08 at the beginning of 2009, the EASY stock was able to make a significant recovery. In fall 2009, its price temporarily increased again; however, it then returned to the level of summer 2009. The EASY stock price at year's end was €2.60, which was a gain of about 31%. The most important market was the electronic platform XETRA at about 65 %, followed by the Frankfurt Stock Exchange trading floor at about 30%.

THE EASY STOCK AT A GLANCE

Price as of January 2, 2009	1,95 EUR
Annual peak 2009	3,74 EUR
Annual low 2009	1,08 EUR
Closing price as of December 30, 2009	2,60 EUR
Share capital as of December 31, 2009	5.403.000,00 EUR
Number of shares as of December 31, 2009	5.403.000

Development of the EASY stock in 2009

Management Board and Supervisory Board

Members of the Supervisory Board

Manfred A. Wagner
Chairman
Entrepreneur / Banker

René Scheer
Vice-chairman
Sole chairman of ComNetMedia AG, Dortmund

Professor Dr.-Ing. Helmut Balzert
Holder of the chair of software technology
at Ruhr University Bochum;
managing director of W3L GmbH, Witten

Members of the Management Board

Gereon Neuhaus
CEO
MBA
Finance / Investor Relations / Sales / Consulting

Andreas C. Nowottka
Teacher
Product Management / Support / Quality Assurance

Corporate Governance

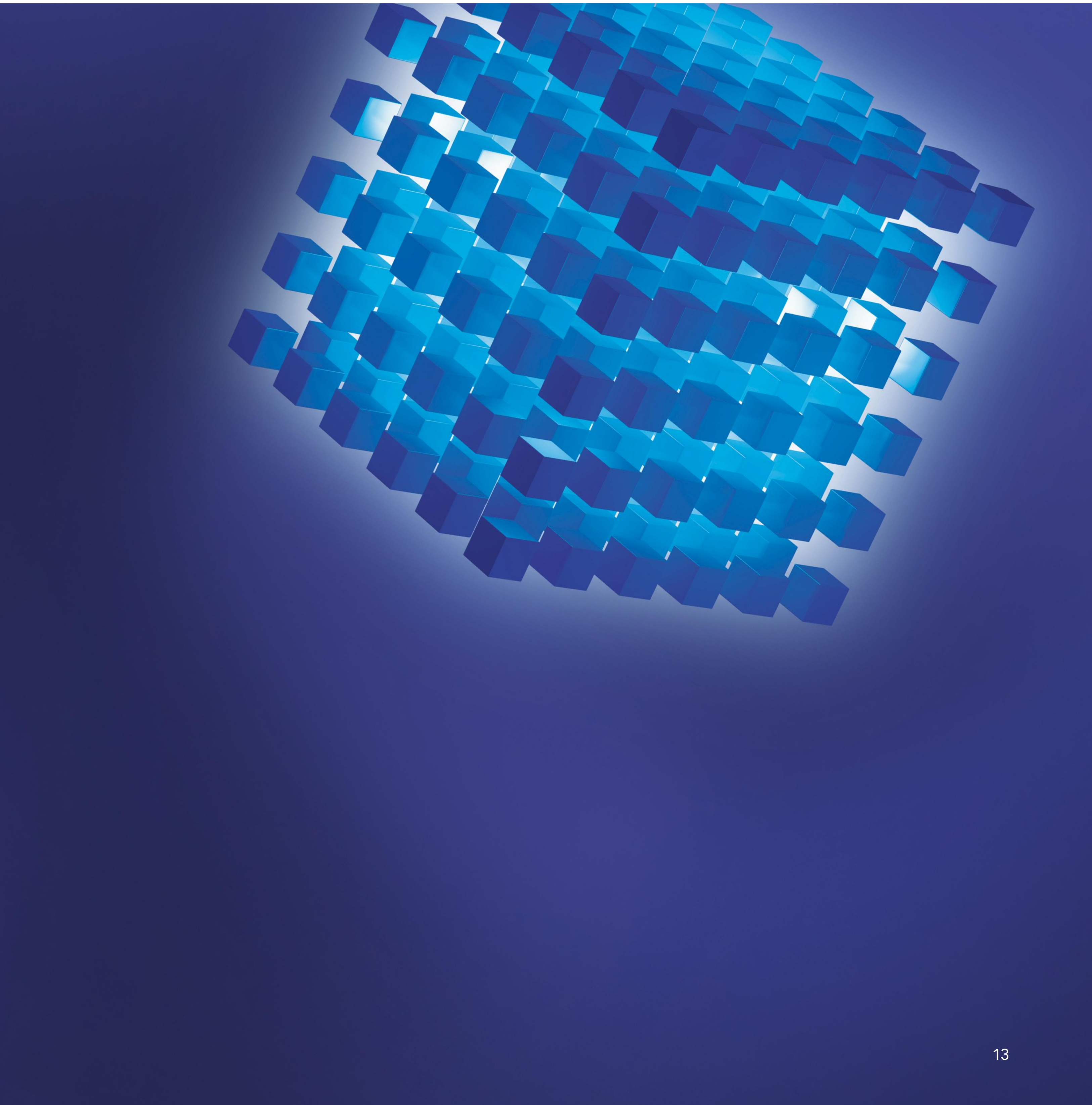
Good corporate governance is very important to the Management Board and the Supervisory Board of EASY SOFTWARE AG. It is the basis for an efficient corporate management and for the confidence of our shareholders, customers, employees and the public.

The German Corporate Governance Code in the version of June 18, 2009 includes statutory provisions, recommendations and suggestions as a mission statement for transparent and responsible corporate governance and management control. The statutory provisions are applicable law and therefore binding. The recommendations and suggestions refer to common national and international Corporate Governance Standards compliance of which is not obligatory; however, possible deviations from the recommendations must be disclosed in the annual compliance statement according to § 161 AktG (German Corporation Law). The compliance statement is subject to examination by the auditor elected in the general meeting.

EASY SOFTWARE AG complied with, and will comply with in future, the recommendations of the Code except for only few deviations mainly being due to the size of the company and its bodies.

Management Board and Supervisory Board of EASY SOFTWARE AG

Group management report



Market situation

With an annual surplus amounting to € 0.8 million, the EASY SOFTWARE Group achieved a significantly better operating result in 2009 than in the previous year (€ 0.1 million).

Owing to the tense overall economic situation and the associated corporate reluctance in 2009 to invest, EASY SOFTWARE saw a decline in sales during the second and third quarters of 2009 compared to the previous year and which, despite the soaring sales during the fourth quarter, could not be fully compensated. Compared to the previous year, the group's total sales in 2009 were reduced by about € 2.1 million (– 8,5%) to € 22.3 million.

The significant improvement in earnings results from a higher quality in project implementation and cost reduction of operational expenses.

The Management Board still sees great market potential for document management systems (DMS) or, respectively, enterprise content management solutions (ECM), which can be used in all sectors and whose market penetration is still very low. Being a co-founder of ECM Allianz Deutschland GmbH and member of the expert panel of ECM – initiative of the German IT magazine Computerwoche, EASY SOFTWARE AG decisively formulates and shapes ECM solutions that include considerable cost benefits for businesses.

Against the background of difficult economic times, the Management Board expects the need for companies to tap the full cost-cutting potential through ECM solutions to increase. This showed, among others, in the positive sales trend during the fourth quarter of 2009.

Being one of the market leaders in the ECM solution environment, with – according to the VOI survey – the widest spread of its own products and the highest level of awareness with prospective new customers, the EASY group won again 450 new customers in 2009, and succeeded in convincing its 10,000th customer of the advantages of its solution package.

Distribution structure

Through further extension of its service concept for EASY partners, EASY SOFTWARE AG provides even stronger support for its partners directly in winning major projects and, via Internet training sessions, routinely informs smaller partners about current solution scenarios. Competent and strong partners form the basis for the market success of our solutions. We offer an extensive partner network to prospects and customers in Germany, Austria, and Switzerland.

Our own end user sales department focuses more on core sectors, and provides consulting services for its target market through sectoral solutions. Fine-tuned with its partners, EASY SOFTWARE's market activities ensure that EASY SOFTWARE AG provides an extremely competent and strong sales & distribution team.

The close collaboration of direct marketing, the consulting team and the partner network enables us to render professional consulting services for more than 10,000 customers.

Sales approach

The targeted objective of a Europe-wide uniform market approach by supporting the distribution software sales@vision was reached in 2009. All large EASY partners use this software tool to uniformly present solution scenarios from EASY SOFTWARE.

In distribution, EASY in turn underscored its market leadership through its annual central customer and partner event, which in 2009 took place in Berlin for the first time.

The EASY product range was successfully showcased at the most important events of the sector at home and abroad (CeBIT in Hanover, DMS Expo in Cologne, Lotusphere in Orlando/FL) as well as at numerous sectoral information forums.

Organization

Besides realigning sales & distribution, the Product Management and Product Development departments were reorganized in 2009. In the future, the Product Management and Development departments will cooperate in topic-related teams, thereby enabling a more focused and quicker response to market requirements. Additionally, a team for new product topics will operate to keep positioning EASY SOFTWARE in the market with current solution scenarios.

Software development: Innovation for the ECM market

A survey conducted by the independent DMS consulting firm Pentadoc again awarded EASY "Best of breed" and confirmed its market-leading position.

The trend towards document-based overall solutions with integrated enterprise processes and specific file solutions continued in 2009. Since our software development is geared to the suggestions made by our partners and customers, we were able to respond to demands through variety of innovations and native solution packages (EASY SOLUTION PACKAGES). Invoice processing using EASY INVOICE for ERP systems (Enterprise Resource Planning) such as SAP and Microsoft Dynamics is the major market-driving force.

Besides archive and workflow integration with Microsoft Dynamics NAV, integration with another Microsoft ERP application was developed in 2009. Thus, during the first quarter of 2010, EASY for DYNAMICS AX will be showcased for the first time at CeBIT in Hanover, Germany. In this way, EASY opens up a new and rapidly growing ERP market for the document management topic, both in the German and international markets.

In addition to invoice processing, new features in EASY iCENTER for SAP enabled implementing more solution components for SAP customers. So the latest generation software iCENTER cockpit is not only capable of processing invoices, it can also be used for personnel files and purchase orders. Moreover, a specific Microsoft Office integration for SAP ensures seamless integration of Microsoft Office documents with the SAP document flow, including direct archiving in EASY ENTERPRISE.

Software development essentially focused on the new EASY product suite "EASY EXPERIENCE". After first-time presentation last year of the new product, which also sets new standards both in functional and ergonomic terms, the new ECM server generation software was launched and released in June 2009. From revision-proof storage through to rule-based workflow, all functions are now replicated in a single client-server architecture. A special highlight is the outstanding offline feature including full text search and platform independence.

Through EXPERIENCE, EASY implemented a new product platform particularly suited for enterprise-wide document-based processes requiring intensive consulting; EASY is aware that it has a clear competitive edge in the growing ECM (enterprise content management) market. In 2009, the first key customer solutions such as banking customer files were already implemented.

With more than 1,200 workflow installations, EASY DOCUMENTS has become a top-ranking channel product. Constant optimization of our Web-based workflow enables our partners and customers to replicate processes in a simple and effective manner. Electronically timesaving and automated operation of these processes is made possible. It is precisely with regard to the development of workflow scenarios that the continuous dialog with our customers becomes a motor of innovation. With the new Mobile Client for the iPhone©, Windows Mobile© and other smartphones, our workflow is now also well-equipped for mobile use.

Based on EASY DOCUMENTS, the solution packages EASY CONTRACT for contract management and EASY INVOICE for invoice processing are in ever greater demand. Besides ongoing development of both solution packages into the second generation, a personnel file based on EASY DOCUMENTS was also developed. The three cross-industry solutions can be used in a company both individually and in combination, added with any other individual processes.

New versions of our e-mail archiving solutions EASY xBASE for Microsoft Exchange and EASY NOTES for Lotus Notes correspond to the continuing strong demand for revision-proof archiving of business-related e-mails. Moreover, with EASY NOTES 3.0, EASY showcased complete integration of EASY ENTERPRISE with all Lotus Notes applications. This gave EASY a clear competitive edge. EASY NOTES archives not just mail messages, but any documents from Lotus Notes applications, or passes them to enterprise-wide processes.

The strongly increasing use of the Microsoft SharePoint Server also increases demand for integration with archive and DMS systems. The new generation software SharePoint 2010 and Microsoft Office 2010, announced by Microsoft, has reinforced this trend. With EASY xSHARE, one of the most extensive integrations into the Microsoft portal was implemented which has been available for the large market of existing customers since 2009. Integration with the EASY Archive servers now enables all EASY customers to store documents from SharePoint in a transparent manner and to search them, as well as to use SharePoint as a simple EASY client. Through EASY xSHARE integration with the latest generation software Microsoft SharePoint 2010 and Microsoft Office 2010, the current year will probably see a significant increase in demand.

The EASY stock

The EASY stock developed positively in the past financial year. Compared to the XETRA closing price of €1.99 per share at year-end 2008, the XETRA price level came to €2.60 at the end of 2009. The XETRA maximum price in 2009 amounted to €3.74 on September 2; XETRA's annual low amounted to €1.08 on February 25.

In the long run, EASY SOFTWARE AG remains a company with a solid business model and considerable development potential for the future.

International

EASY SOLUTIONS Archivierungs- und Informationssysteme GmbH in Austria was also successful in 2009; it achieved a profit growth of about 4.5%.

Since early October 2009, EASY SOFTWARE AG has been directly coordinating business roll-out in the Asian market. Through stringent implementation of our partner strategy, four established distributors are now running our Asian business. EASY SOFTWARE (ASIA PACIFIC) PTE. LTD. in Singapore will continue to be included in our consolidated financial statement. According to targets, net income for the year was slightly positive for the financial year 2009.

Within the year, EASY SOFTWARE INC. in the United States was able to offset the negative operating result of the first half of 2009 through increased sales. It concludes the financial year 2009 with a balanced result. It was able to win three new distribution partners who will enhance EASY SOFTWARE's market presence in 2010.

For the first time in three years, EASY SOFTWARE (UK) PLC. was able to achieve a positive operating result for the year. This success was due to intensive integration of the British company with cost controlling at EASY SOFTWARE AG, and its new management.

Sales and earnings development

Owing to the difficult economic overall market situation, sales of the EASY SOFTWARE Group in 2009 declined by about € 2.1 million (– 8,5%), from € 24.4 million down to € 22.3 million compared to the previous year, of which € 17.1 million (prior year: € 18.2 million) is apportionable to domestic business and € 5.2 million (prior year: € 6.2 million) is apportionable to upon foreign business.

Sales relating to software amounted to € 7.2 million (prior year: € 8.7 million), sales relating to software maintenance and services amounted to € 14.5 million (prior year: € 14.9 million) and sales relating to hardware and miscellaneous amounted to € 0.6 million (prior year: € 0.8 million).

Earnings before tax show a profit of € 1.0 million (prior year: € 0.1 million); the net income for the financial year amounts to € 0.8 million (prior year: € 0.2 million).

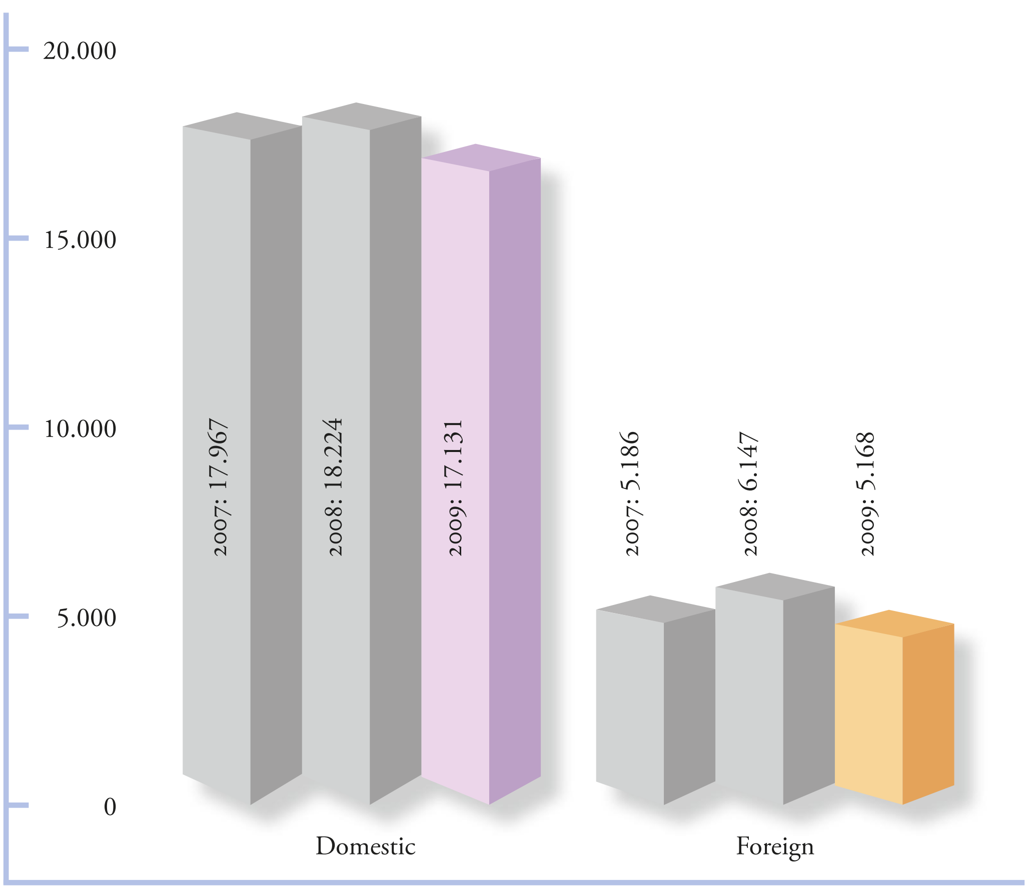
The cost of materials ratio increased by 0.6 % from 19.7 % to 20.3 % in the reporting year.

The group's net income for the financial year has increased from € 0.2 million to € 0.8 million due to higher quality service projects and general cost reduction with sales decreased at about 8.5%.

Structure of assets and liabilities, and capital structure

Compared to the prior year, the balance sheet total of the Group decreased by EUR 2.4 million from EUR 17.4 million to EUR 15.0 million, meaning a reduction of 13.8%. The equity ratio increased from 64% in 2008 to 81% in 2009.

In the reporting period the company invested development expenses of € 1.7 million (prior year € 2.3 million) in self-created software, which are included in fixed assets in the balance sheet and recognized as own work capitalized in the income statement. They are written off according to the straight- line method over a useful period of three years starting with the reporting year.



Revenue distribution
Domestic/foreign in € thousand

Financial position

Bank balances decreased from € 2.6 million in the prior year to € 1.4 million at the end of 2009. The liabilities to banks were reduced by about € 2.5 million at the end of 2009; thus they almost completely disintegrated.

When taking into account the one-off financial flow to redeem the liabilities of EASY SOFTWARE (UK) PLC., as well as one-off payments for inventories, the development of liquid funds is very stable. This emphasizes the financial stability of the EASY SOFTWARE Group even in a difficult economic situation.

Due to the high volume of payments from software maintenance agreements, which are collected at the beginning of the year, a sufficient liquidity is secured all year round, so that financing is made solely with own resources.

Investments

Essential investments consist in own work capitalized and additional third-party services for new developments of the different software modules amounting to € 1.7 million, which in 2009 related in particular to the redevelopment of EASY EXPERIENCE.

The other investments in tangible assets mainly related to hardware, which ensure the smooth operation of the company and professional equipment with technical infrastructure for development and administration. Investments in intangible assets essentially affect the purchase of the copyrights by EASY SOFTWARE AG for the interface for our product EASY for DYNAMICS NAV, which had previously been additionally purchased from third parties.

Employees

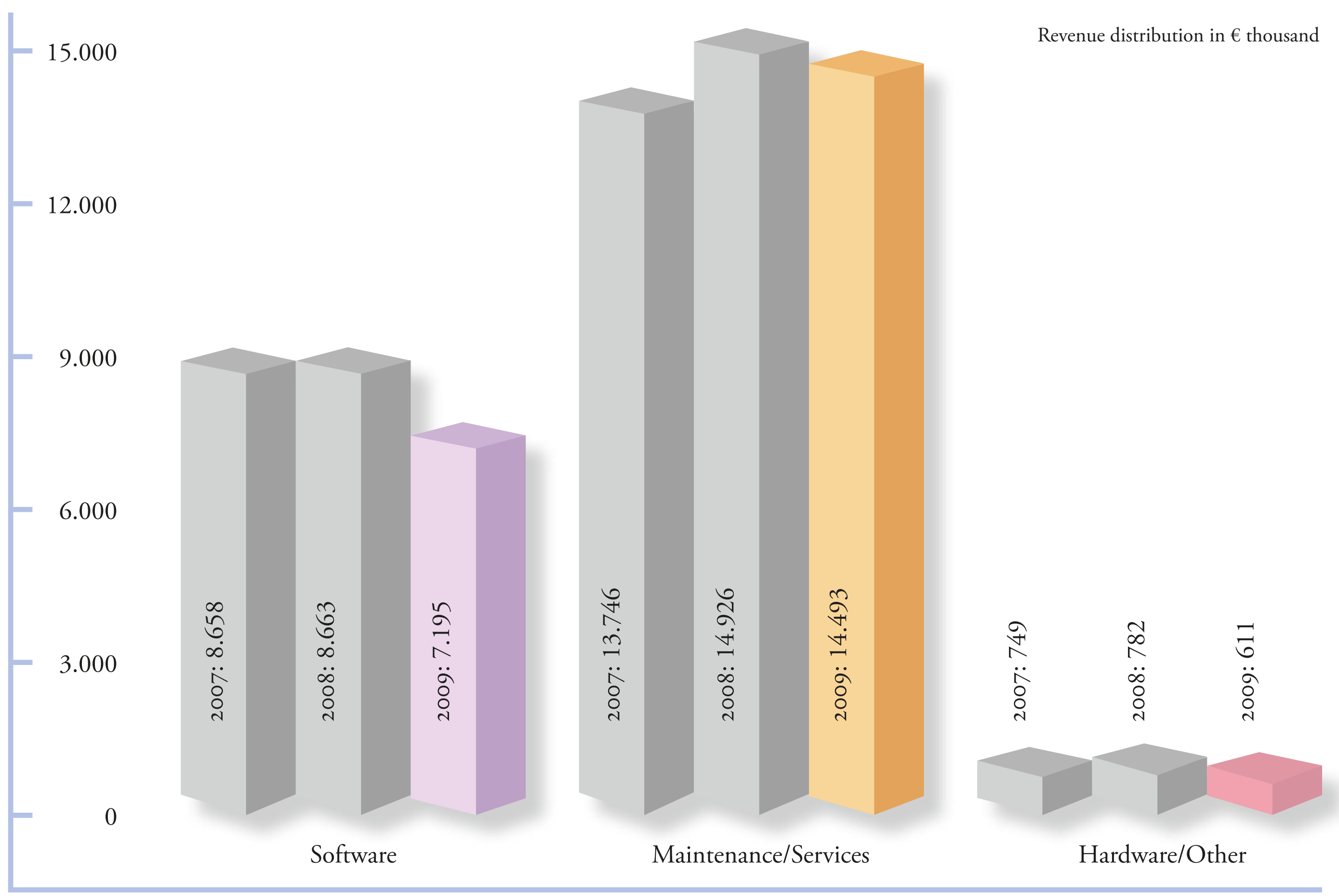
In 2009, the average number of employees decreased by 4 to 165 compared to an average of 169 in 2008. Further reductions in staff were not possible without endangering project implementation in the consulting sector, which, among others, in 2009 made a significant contribution to improving the operating result. The result in 2009, as opposed to 2008, is reduced personnel costs. Due to the restructuring affecting all departments at EASY SOFTWARE AG, the last quarter of 2009 saw cuts in staff which will have a reducing impact on personnel costs from mid-2010. The targets of the EASY Group for 2010 then intend the number of employees to be under 160.

Opportunities

The Management Board realizes the opportunity that customers at home and abroad trust and invest in efficiency improvement by applying innovative DMS solutions just because of the cyclical risks.

Due to the investments, various prospects arise in the opening of new market segments with the innovative product suite EASY EXPERIENCE and with the development of cross-section and industry-oriented solutions. Furthermore, cooperation with renowned producers also creates additional potential, especially in the area of ERP integration. A further rise of the degree of added value might help to realize additional potential yields.

Further opportunities for a future positive development of the Group arise from international market penetration, particularly by expanding the partner sales channels in other European countries and in the USA.



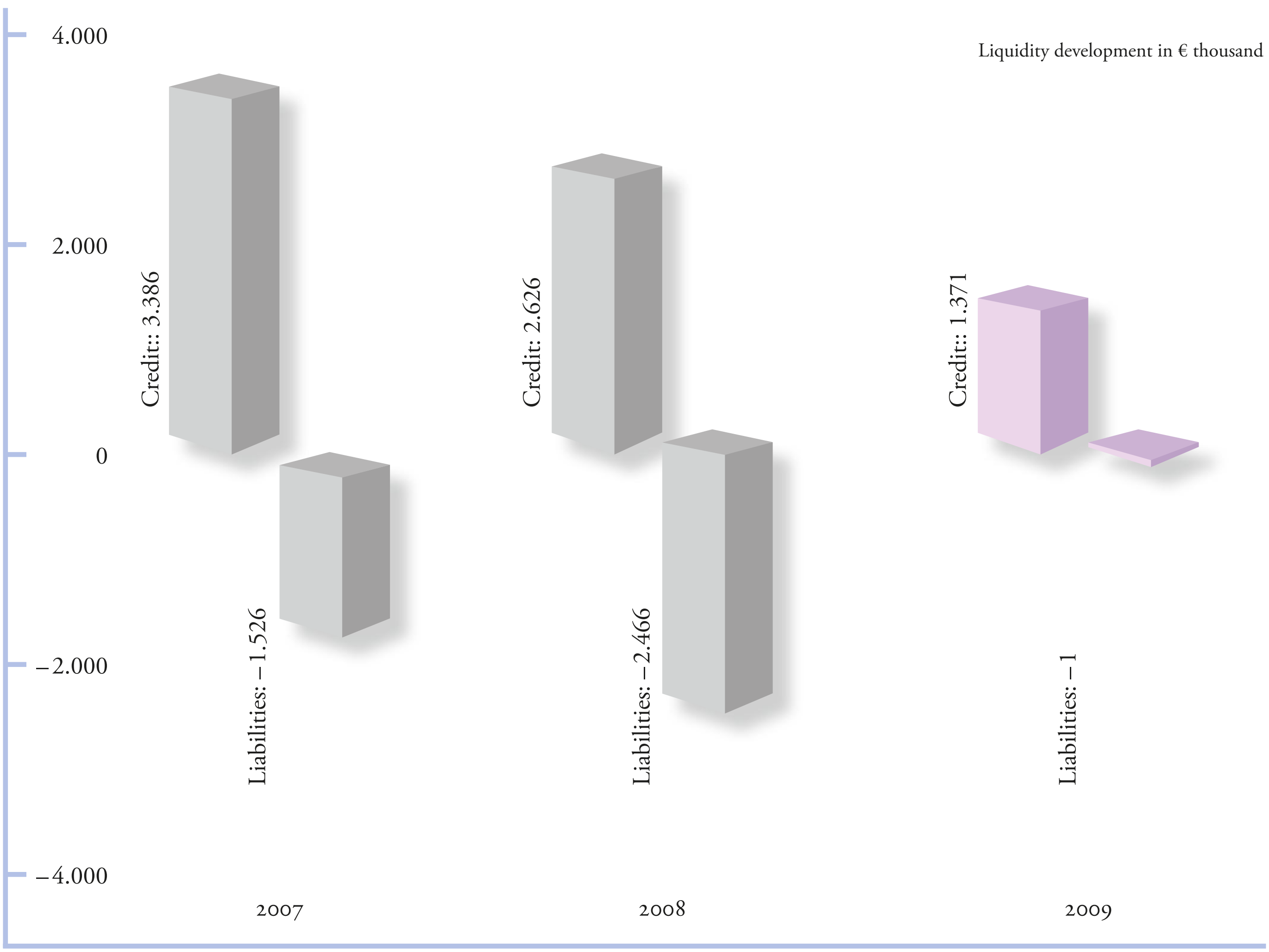
Risks of future development and safeguarding

In order to be able to seize the opportunities offered by the market, EASY SOFTWARE AG – just like every company – must take entrepreneurial risks which are always kept restricted as far as possible for the sake of a sound business policy.

Major risks for our company result from market conditions and the competitive environment. Apart from the generally reluctant economic trend, it is primarily sectoral risks and rapid technological change that may affect the course of business.

Subject to the economic and sectoral development there are risks particularly related to sales and earnings that possibly cannot be completely compensated in spite of current cost control.

To prevent delays in payment or difficulties in collecting receivables, the development of receivables and the ageing structure are constantly monitored. This helps identify any potential risks at an early stage and to initiate countermeasures.



We allow for the specific risks involved in our business through the recognition of individual value adjustments. Regarding new customers, we usually obtain information about their credit standing to assess the credit risk. The results of these analyses are considered when entering into new business relations. The maximum amount of credit risk equals the amount of the receivables recognized.

We consider consistent risk management to be an instrument for the long-term safeguarding of our company. We have an early warning system for the identification of potential endangerments including internal and external risk factors.

Adherence to the strategic targets is controlled by the respective specialized departments. Central audits of key figures (such as development of new customers, trends in sales and operating results, as well as cash flows and liquid funds), planning variances, process control as well as market and competition analyses round off our risk management.

Thus, we have set up a control and monitoring system which ensures recognition, analysis and communication of risks endangering the company's existence and the changes of these risks.

Corporate governance statement

The principles of responsible and good corporate governance govern the actions of the management and control bodies of EASY SOFTWARE AG. For the first time, the Management Board reports on the financial year 2009 in the form of the declaration on corporate governance, restructured and extended obligation to report stipulated by § 289a HGB (German Commercial Code). The corporate governance statement includes the previous Corporate Governance report pursuant to the recommendation of the German Corporate Governance Code (DCGK). By generally orienting to the recommendations and suggestions of DCGK, we support the objective, pursued by companies listed on the stock exchange, of cultivating the confidence of German and international shareholders and customers, employees and the public in management and control of German companies listed on the stock exchange.

The Corporate Governance Code statement, stipulated by § 161 AktG (German Corporation Law), was entered on our Web pages (www.easy.de) inclusive of modifications and thus made permanently available to the shareholders.

Corporate governance guidelines

EASY SOFTWARE AG is a joint-stock company whose governance corresponds to the dual system of German stock corporation law with the Management Board as the directorate and the Supervisory Board as the control and consulting directorate to the statutes agreed by the shareholders.

The Management Board of EASY SOFTWARE AG consists of one or more members that the Supervisory Board appoints and withdraws. The Management Board is responsible for managing the business of the group. It currently consists of two members. The Supervisory Board's consent is required particularly for important, risky or extraordinary business deals as well as for general decisions.

The Supervisory Board of EASY SOFTWARE AG advises the Management Board and monitors its conduct of business. The panel consists of three members which are elected by the general meeting.

The Management Board will extensively and quickly report to the Supervisory Board on a regular basis in written and verbal form, particularly about the group's asset, financial and revenue situation.

Accounting related internal control and risk management system (§ 315 Paragraph 2 No. 5 HGB – German Commercial Code)

The accounting related internal control and risk management system of the EASY Group includes instruments and measures that are implemented in a coordinated manner to prevent accounting related risks or to recognize, rate and remove them on time. The Finance department defines the guidelines for risk prevention or their disclosure / control.

The overall responsibility for all processes to compile the annual consolidated financial statement of the EASY Group lies with the chairman of the Management Board, Mr. Gereon Neuhaus.

Accounting processes: The accounting process of the EASY Group is organized in accordance with the size of the group.

Essential information and matters pertaining to accounting by the EASY Group are discussed with the individual departments prior to recognizing them, and critically examined for their compliance with valid accounting provisions by the Accounting department. The group's statement contents are subject to routine analysis and verification of accuracy through inclusion of other departments.

The financial statement is basically prepared in IT-based accounting systems.

Besides risks arising from non-adherence of accounting rules, risks may arise from disregarding formal terms and deadlines. To avoid these risks and to document the processes to be performed as part of preparing the financial statement, its sequence and the persons responsible for it, a financial reporting calendar was prepared. This financial reporting calendar ensures that both keeping the specified routines and keeping the specified deadlines for preparing the statement are monitored. In addition, it enables users to announce warnings in a timely manner during the preparation process in case deadline or factual problems arise. This enables tracking status to recognize risks in a timely manner, and remove them.

To guarantee retention of the rules of IT security, access provisions have been defined for the accounting related IT systems.

External audit: The preparation process of the consolidated financial statement is verified and controlled by the auditors for keeping the accounting provisions to be used. The annual consolidated financial statement of the EASY Group is subject to mandatory audits. The final evaluation of the audit performed is published in the form of an auditor's report included in the financial report.

Important events after the balance sheet date

There were no events of special importance after the close of the financial year.

Additional information

Subscribed capital amounts to €5,403,000.00. It is divided into 5,403,000 individual share certificates at an arithmetical par value of €1.00 each.

By resolution passed at the General Meeting on May 29, 2008 the Management Board is authorized to increase the company's share capital upon approval by the Supervisory Board once or several times by up to €2,701,500.00 against cash or non-cash contributions (authorized capital) by December 31, 2012. This authorization has not been exercised so far.

Mr. Manfred A. Wagner, chairman of the Supervisory Board, has a share of 26.84% in the subscribed capital. Mr. Gereon Neuhaus, chairman of the Management Board, has a share of 1.74 % in the subscribed capital.

The remuneration system for the members of the Management Board of EASY SOFTWARE AG stipulates that all board members receive a variable portion besides their fixed, non-profit-related salary. The variable portion is dependent on the achievement of specified sales and result objectives, mainly including budgeted results within the group. There are no other components such as long-term profit-related remuneration (e.g. stock option programs).

The non-profit-related salary components relate to the fixed salary and to the use of a company car. The assessment of management bonuses for individual board members is oriented to the result situation of the combined group and is stipulated by contract.

In the course of the reporting year, two persons were appointed members of the Management Board. In 2009, the remunerations of the active members of the Management Board amounted to €547 thousand (prior year: €419 thousand). The variable share of the remuneration package amounted to 29%.

	Fixed salary	Additional expenses	Variable remuneration	Total
	TEUR	TEUR	TEUR	TEUR
Gereon Neuhaus	225	30	150	405
Andreas C. Nowottka	120	12	10	142
Total	345	42	160	547

Outlook

The years 2010 and 2011 will continue to be dominated by the product launch of EASY EXPERIENCE with its trendsetting technology and, based on this, by the development and marketing of a wide solution suite based on the DOCUMENTS workflow component. In particular, these are the electronic personnel file and the contract file.

The base of existing customers amounting to more than 10,000 EASY customers is an ideal basis for extending the solution packages; it shows the growth potential that is available with existing customers alone. The new alignment of Sales & Distribution described above is to be used to extend business opportunities not yet fully utilized, particularly those of the smaller EASY partners. To achieve more sales and operating result improvements in the next couple of years, the Management Board also considers inorganic growth opportunities.

In the next two years, OEM partners will be increasingly approached and asked to integrate the EASY products as part of their own software solutions. The OEM partner thus offers his existing customers the opportunity to enjoy the advantages of EASY products with their existent applications without a system change being required.

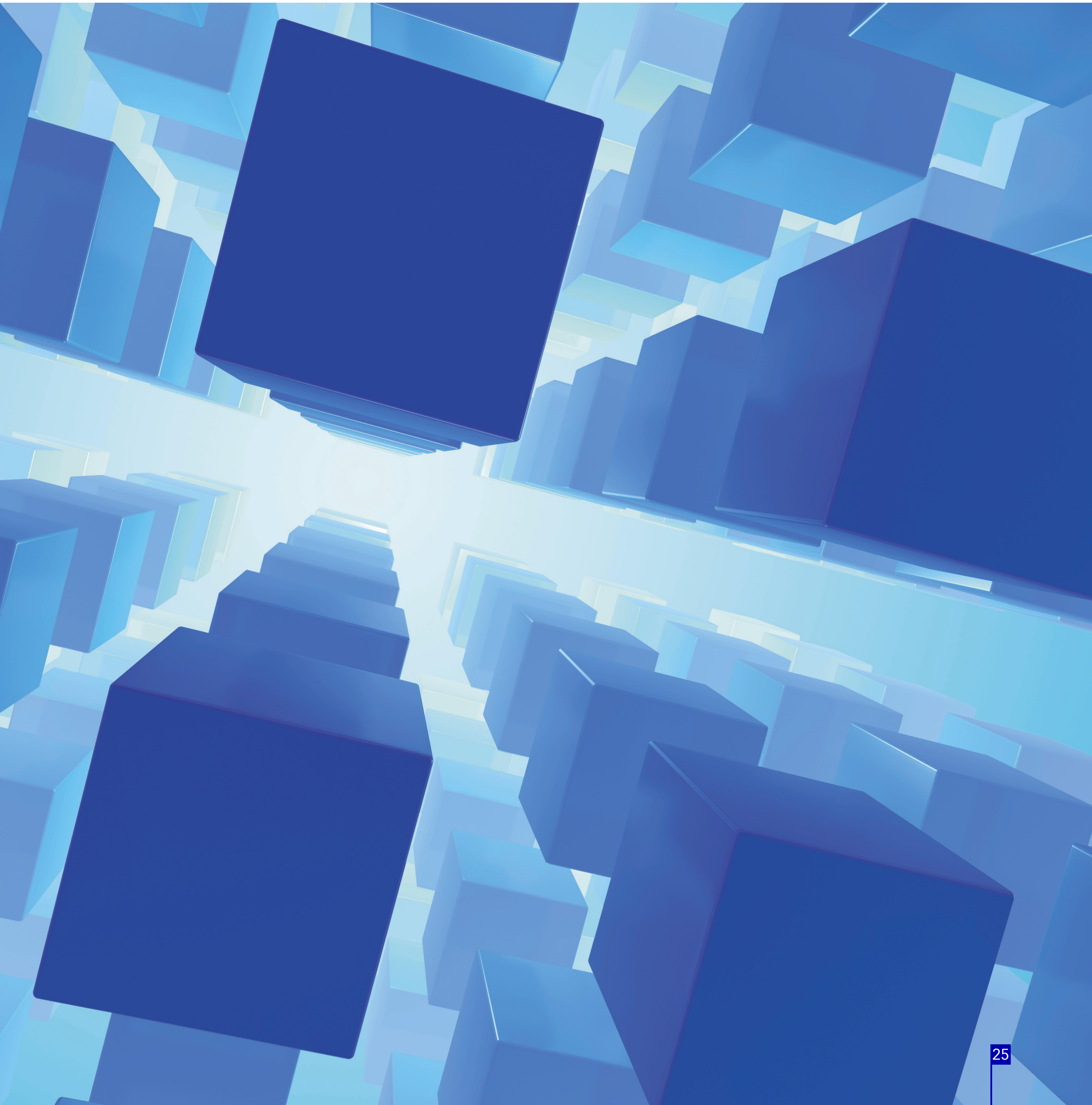
In addition to the presence at trade shows and the annual partner and customer conference, the Management Board increasingly counts on regional customer events and specific roadshows for 2010 and 2011 to support affiliate distribution at home and abroad.

For the next two years, the company expects further improvement in the operating result, with increased sales. In combination with the high volume of payments from software maintenance contracts, liquidity and financing from own resources will also be sufficiently secured for 2010 and 2011.

Mülheim an der Ruhr, March 2010,

Gereon Neuhaus Andreas C. Nowottka

Consolidated Financial Statements 2009 (IFRS)



Consolidated Financial Statements 2009 (IFRS)

Consolidated balance sheet [IFRS] as of effective date–Assets

	Notes	12/31/2009	12/31/2008
		TEUR	TEUR
I. Non-current assets			
1. Software development costs	1	1.918	2.061
2. Goodwill	2	1.083	1.083
3. Other intangible assets	3	1.799	1.742
4. Fixed assets	4	460	653
5. Holdings	5	5	0
6. Deferred taxes on the assets side	6	3.249	3.429
		8.514	8.968
II. Current assets			
1. Inventories	7	1.080	185
2. Trade receivables	8	3.742	5.087
3. Other receivables	9	309	574
4. Cash and cash equivalents	10	1.371	2.626
		6.502	8.472
Total assets		15.016	17.440

Consolidated balance sheet [IFRS] as of effective date – Liabilities

	Notes	12/31/2009	12/31/2008
		TEUR	TEUR
I. Share capital and reserves	11		
1. Subscribed capital		5.403	5.403
2. Reserves			
Capital reserve		26.836	26.836
Revenue reserve		35	38
Net loss		–20.249	–21.032
3. Currency translation adjustment		17	–98
4. Minority interest		62	60
		12.104	11.207
II. Liabilities			
1. Long-term liabilities			
Deferred tax liabilities	12	625	693
2. Short-term liabilities			
Accruals	13	19	23
Financial liabilities	14	1	2.466
Trade accounts payable	15	1.240	1.248
Other liabilities	16	1.027	1.803
		2.912	6.233
Total equity and liabilities		15.016	17.440

Consolidated Financial Statements 2009 (IFRS)

Consolidated income statement (IFRS) as of January 1 to December 31, 2009

	Notes	12/31/2009	12/31/2008
		TEUR	TEUR
1. Sales revenue	17	22.299	24.371
2. Own work capitalized	18	1.704	2.347
3. Other operating income	19	240	642
4. Cost of materials	20	4.535	4.804
5. Personnel expenses	21	11.095	11.693
6. Depreciation of intangible assets and fixed assets	1, 3, 4	2.370	2.481
7. Other operating expenses	22	5.212	8.238
8. Interest and similar income	23	43	185
9. Interest and similar expenses	23	99	186
10. Earnings before tax		975	143
11. Taxes on income	24	160	–29
12. Net income for the period		815	172
13. Minority interest		32	31
14. Net income apportionable to the investor of EASY SOFTWARE AG is entitled to	25	783	141
Earnings per share in €	25	0,14	0,03

Reconciliation from consolidated net income for the period to the total income

	31.12.2009	31.12.2008
	TEUR	TEUR
Net income for the period	815	172
Other result		
Currency translation from consolidating foreign business units	115	–161
Overall result of the period	930	11
Overall result attributable to minority interest	32	31
Overall result attributable to EASY SOFTWARE shareholders	898	–20

Cash flow statement for the period from January 1 to December 31, 2009

	2009 TEUR	2008 TEUR
Consolidated net income incl. minority interest	815	172
Depreciation of fixed assets	2.370	2.481
Increase (prior year, decrease) in accruals	–4	–236
Profit (prior year, loss) on disposal of fixed assets	0	167
Loss on disposal of tangible assets	9	0
Decrease (prior year, increase) in inventories, trade receivables and other assets	715	–3.164
Decrease (prior year, decrease) in deferred tax liabilities	112	–104
Decrease (prior year, increase) in liabilities, trade receivables and other liabilities	–672	3.097
Cash flow from operating activities	3.345	2.413
Addition to capitalized own development	–1.704	–2.347
Payment of sales of intangible assets	0	1.200
Payout of investments of intangible assets	–271	–1.647
Payout of investments of fixed assets	–125	–230
Payout of investments of financial assets	–5	–128
Cash flow from investment activity	–2.105	–3.152
Redemption of bank loans	–2.465	0
Payout to minority shareholders	–30	–21
Cash flow from financing activity	–2.495	–21
Change in cash and cash equivalents	–1.255	–760
Cash and cash equivalents at the beginning of the period	2.626	3.386
Cash and cash equivalents at the end of the period	1.371	2.626

Cash and cash equivalents comprise:

	12/31/2009	12/31/2008	Modification
	TEUR	TEUR	TEUR
Cash-in-hand, bank balances	1.371	2.626	–1.255

In the financial year, interests amounting to € 99 thousand (prior year: € 186 thousand) were paid out and interests amounting to € 43 thousand (prior year: € 185 thousand) were paid in, all of these resulting from financing activity.

Payment of taxes on earnings amounted to € 37 thousand; these relate to operating activities.

Development of group assets

	Acquisition and production costs			
	01/01/2009	Additions	Disposals	12/31/2009
	TEUR	TEUR	TEUR	TEUR
Software development costs	22.310	1.704	0	24.014
Goodwill	1.136	0	0	1.136
Customer base	1.187	0	0	1.187
Other intangible assets	3.901	271	0	4.172
Tangible assets	3.425	125	13	3.537
	31.959	2.100	13	34.046

Cash flow statement for the period from January 1 to December 31, 2009

Development in 2008	Subscribed	Capital	Profit	Net loss	Currency	Minority	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Balance as of January 1, 2008	5.403	26.836	38	–21.173	63	50	11.217
Currency translation	0	0	0	0	–161 [1]	0	–161
Payout to minority shareholders	0	0	0	0	0	–21	–21
Net income for the year	0	0	0	141	0	31	172
Balance as of December 31, 2008	5.403	26.836	38	–21.032	–98	60	11.207
Development in 2009							
Balance as of January 1, 2009	5.403	26.836	38	–21.032	–98	60	11.207
Currency translation	0	0	0	0	115 [1]	0	115
Reversal	0	0	–3	0	0	0	–3
Payout to minority shareholders	0	0	0	0	0	–30	–30
Net income for the year	0	0	0	783	0	32	815
Balance as of December 31, 2009	5.403	26.836	35	–20.249	17	62	12.104

1) Apportionable to the other result

Accumulated amortization				Net entry values	
01/01/2009	of the financial	Disposals	12/31/2009	12/31/2009	12/31/2008
TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
20.249	1.847	0	22.096	1.918	2.061
53	0	0	53	1.083	1.083
1.083	21	0	1.104	83	104
2.263	193	0	2.456	1.716	1.638
2.772	309	4	3.077	460	653
26.420	2.370	4	28.786	5.260	5.539

Notes to the consolidated financial statements 2009 (IFRS)

A. General information

EASY SOFTWARE AG of Mülheim an der Ruhr was established on March 6, 1990 under the name EASY Elektronische Archivsysteme GmbH and transformed into a joint-stock corporation on September 8, 1998 as per section 190 et. seq. Law of Reorganizations (UmwG). The object of the company is the development and distribution of hardware and software for electronic archiving and document management systems.

The EASY Group conducts its business at the head office in Mülheim an der Ruhr, in Salzburg/Austria, in Suffolk/Great Britain, in Great Valley, PA/USA and in Singapore.

On the basis of the circumstances on the balance sheet date, EASY SOFTWARE shall be considered as a parent company of a group headquartered in Germany, as per section 290 HGB (German Commercial Code) and is thus required to prepare consolidated financial statements and a group management report

The consolidated financial statement has been prepared in euros, all amounts are specified in euro thousand unless stated otherwise. Amounts under €500 were rounded off, and reported as 0.

B. Survey of significant accounting policies

a) Conformity of financial statement with IFRS

The attached consolidated financial statements for the financial year 2009 have been prepared in conformity with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, to be applied bindingly as of December 31, 2009 within the European Union. In addition, the consolidated financial statements comply with the provisions of section 315a, para. 1 HGB (German Commercial Code). In the preparation of the consolidated financial statements and the determination of the previous year's figures the company generally applied the same accounting policies as in the 2008 consolidated financial statements.

The company did not exercise the option granted as part of a change in IAS 19 and enabling actuarial gains and losses to be taken directly to equity.

In the present consolidated financial statements the company initially applied those Accounting Standards and Interpretations revised by the IASB that are bindingly applicable by EASY SOFTWARE AG in the financial year 2009.

IFRS 1 (First-time Adoption of International Finance Reporting Standards) in combination with IAS 27 (Consolidated and Separate Financial Statements)

On first-time adoption of IFRS, the acquisition costs of a holding can be either evaluated in the IFRS separate financial statement with their fair value or the book value according to the previously applied national balance sheet standards. Moreover, dividends from subsidiaries, joint ventures as well as associated companies must always be recognized as revenues in the profit/loss account in the separate financial statement, even if these result from events prior to the purchase date. If, owing to restructuring within a group upon meeting specific conditions, a new parent company emerges from this and this new parent company recognizes its holdings in the original parent company in the separate financial statement as acquisition costs, these are measured on the basis of the share of the new parent company in the book value of the equity capital of the original parent company at the time of restructuring. The changes in IFRS 1, in combination with changed IAS 27, only refer to separate financial statements; they did not affect the consolidated financial statement of EASY SOFTWARE AG.

IFRS 2 (Share-based Payment)

The changes in IFRS 2 make clear that exercise conditions can only comprise service and performance dependent conditions. Other conditions do not constitute any exercise conditions and are therefore to be included in the fair value of the share-based remuneration at the time of granting. Moreover, all cancellations, regardless of whether they are made by an employee or by the company, must be disclosed in the same manner. This means that the effort, which without cancellation would be spread over the remaining period, must be immediately recognized in case of cancellation. These changes in IFRS 2 did not impact on the consolidated financial statement of EASY SOFTWARE AG.

IFRS 7 (Financial Instruments: Disclosures)

The revised IFRS 7 demands detailed explanatory notes to financial instruments measured at the fair value. For these, an explanation of how the fair value was determined must be provided separately to classes of financial instruments to be defined by the company itself. In doing so, a three-level fair value hierarchy must be classified which reflects the market proximity on determining the fair value of the included data. If the measurement is essentially made on the basis of data that cannot be observed in the market, additional information will be required. This particularly includes reconciliation of the fair value at the beginning of the financial year to the fair value at the end of the financial year, as well as a sensitivity analysis of the parameters included in the measurement. In addition to the information on liquidity risks it is made clear that the list by due dates must be made both for derivative and non-derivative financial liabilities. These changes in IFRS 7 did not impact on the consolidated financial statement of EASY SOFTWARE AG.

IFRS 8 (Operating Segments)

IFRS 8, to applied from January 1, 2009, replaces IAS 14 (segment reporting). It is based on the internal control of a company when classifying the business segments. Therefore, segments whose business activity is not primarily geared to achieving external sales may also be subject to reporting. The EASY Group exclusively develops and distributes document management and archiving products and renders software maintenance and other services related to this. For this reason, segmentation in previous years was performed only on a geographical basis. Internal control is performed on a geographical basis, so segmentation has remained unchanged through the introduction of IFRS 8, as compared to the previous year.

IAS 1 (Presentation of Financial Statements)

As a result of the change in IAS 1, representation of the consolidated net income for the period in profit and loss accounting has been extended with the determination of "Other operating results" in the separate "reconciliation of the consolidated net income for the period to the overall consolidated result". The "Other operating results" column contains the recognized components not affecting profit or loss. Together, both make up the overall consolidated result. Changes in equity have been extended with a representation of the parts of profit reserves apportionable to the "Other operating result". The changed IAS 1 only stipulates extended representations in the financial statement parts. Apart from this, there were no other impacts on the consolidated financial statement of EASY SOFTWARE AG.

IAS 23 (Borrowing Costs)

Contrary to the previous right to vote, borrowing costs that cannot be allocated directly to purchasing, building or manufacturing so-called qualified assets must be entered on the assets side as part of acquisition or production costs as of January 1, 2009. Qualified assets are non-financial assets that require a substantial time to set them to their intended usable or saleable state. There was no use case for the revised IAS 23 at EASY SOFTWARE AG during the financial year 2009.

IAS 32 (Financial Instruments: Presentation) in combination with IAS 1 (Presentation of Financial Statements)

Revision of IAS 32 and IAS 1 treats separation between equity and outside capital. Under certain conditions, separate financial statements pursuant to IFRS now provide the option to disclose terminable instruments as equity capital which previously had to be disclosed as outside capital. These changes did not impact on the consolidated financial statement of EASY SOFTWARE AG.

IAS 38 (Intangible Assets)

IAS 38 has been revised as part of the "Improvements to IFRSs 2008". In doing so, the treatment of expenses which, although generating a future economic benefit, do not result in an (intangible) asset to be capitalized, was substantiated. These changes in IAS 38 did not impact on the consolidated financial statement of EASY SOFTWARE AG.

IFRIC 9 (Reassessment of Embedded Derivatives) in combination with IAS 39 (Financial Instruments: Recognition and Measurement)

If financial instruments from the category "recognized in income at fair value" are reclassified, all embedded derivatives must be reassessed. This may result in a separate record in the financial statement. The revised IFRIC 9 has no influence on the consolidated financial statement of EASY SOFTWARE AG, because the category "recognized in income at fair value" does not include any financial instruments.

IFRIC 13 (Customer Loyalty Programmes)

Premium claims granted by a company as part of customer loyalty programs must be recognized as single, separable parts of a multiple component business deal according to IAS 18 (Revenue) if they fall within the application range of IFRIC 13. The sales transaction therefore comprises at least two components to which to allocate revenues: main service (selling goods or rendering a service), and granting premium claims. The part of revenues attributed to granting premium claims must only be realized when the premium claims can be considered fulfilled through redemption, expiration or transmission of the obligation to third parties. This change does not impact on the consolidated financial statement of EASY SOFTWARE AG either.

As part of the "Improvements to IFRSs 2008", insignificant changes were made to other standards for EASY SOFTWARE AG, which therefore did not impact on the consolidated financial statement of EASY SOFTWARE AG.

A series of other accounting standards and interpretations which EASY SOFTWARE AG will be required to apply as of January 1, 2010 at the earliest in case application has been approved by the European Commission and is standard for EASY SOFTWARE AG was newly implemented or revised from IASB to the extent EASY SOFTWARE AG:

According to current assessment, the first-time adoption of the above accounting standards will not significantly impact on the Group's net assets, financial position and results of operations.

Standard/ Interpretation	Titel	Applicable at EASY SOFTWARE AG from	Approved by EU[1]
IFRS 1	First-time Adoption of International Financial Reporting Standards (Revised)	01/01/2010	Yes
IFRS 1	First-time Adoption of International Financial Reporting Standards (Improvements to IFRSs 2008)	01/01/2010	Yes
IFRS 1	First-time Adoption of International Financial Reporting Standards (Amendment: Additional Exemptions for First-time Adopters)	01/01/2010	No
IFRS 2	Share-based Payment (Amendment: Group Sash-settled Share-based Payment Transactions)	01/01/2010	No
IFRS 3	Business Combinations (Revised)	01/01/2010	Yes
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Improvements to IFRSs 2008)	01/01/2010	Yes
IFRS 9	Financial Instruments	01/01/2013	No
IAS 24	Related Party Disclosures (Revised)	01/01/2011	No
IAS 27	Consolidated and Separate Financial Statements (Amendment)	01/01/2010	Yes
IAS 32	Financial Instruments: Presentation (Amendment: Classification of Rights Issues)	01/01/2011	Yes
IAS 39	Financial Instruments: Recognition and Measurement (Amendment: Eligible Hedged Items)	01/01/2010	Yes
IFRIC 12	Service Concession Arrangements	01/01/2010[2]	Yes
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendment: Prepayments of a Minimum Funding Requirement)	01/01/2011	No
IFRIC 15	Agreements for the Construction of Real Estate	01/01/2010[2]	Yes
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	01/01/ 2010[2]	Yes
IFRIC 17	Distributions of Non-cash Assets to Owners	01/01/2010	Yes
IFRIC 18	Transfers of Assets from Customers	01/01/2010	Yes
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	01/01/2011	No
Diverse	Improvements to IFRSs 2009	01/01/2010	No

1 As of December 31, 2009

2 In the financial year 2009, the related rules were not applied as they had not been endorsed by the EU

b) Consolitation priciples

Scope of consolidation

Besides EASY SOFTWARE AG of Mülheim an der Ruhr as the parent company, the following subsidiaries have been included in the consolidated financial statements, in which EASY SOFTWARE AG directly or indirectly controls the business policy:

Company	Interest
EASY SOLUTIONS Archivierungs- und Informationssysteme GmbH, Österreich	70 %
EASY SOFTWARE (UK) PLC., Großbritannien	100 %
EASY INTERNATIONAL CONSULTING GmbH, Oberhausen	100 %
EASY SOFTWARE INC., USA	100 %
EASY SOFTWARE (ASIA PACIFIC) PTE. LTD., Singapur	100 %

All companies are included in the consolidated financial statements using the purchase method, as they are controlled directly or indirectly by EASY SOFTWARE AG.

Changes in the scope of consolidation

There are no changes in the scope of consolidation for the financial year 2009.

Consolidation principles and closing date

The annual financial statements prepared as of December 31, 2009 under uniform regulations as required in IAS 27, audited by the local auditors and granted the unqualified auditor's report or the consolidated companies' financial statements audited in the Group audit process form the basis for the consolidated financial statements.

The companies included were consolidated using the purchase method at the date when the control was established (date of acquisition). Assets and liabilities of the subsidiaries were measured at fair values.

Intercompany profits, losses, revenues, income and expenses as well as receivables and liabilities between consolidated companies were eliminated. Minority interests are disclosed separately in equity.

The group closing date for all companies included is December 31.

C) Currency translation

In the separate financial statements of the companies included transactions carried out in foreign currencies are measured using the rate at the date of initial recognition. All exchange rate fluctuations that occurred until the balance sheet date are considered in the measurement of foreign currency receivables and liabilities. The related gains and losses are recognized in income. Translation differences arising from foreign currency receivables and liabilities to be qualified as net investments in foreign operations are disclosed in revenue reserves without affecting income.

The financial statements of the foreign subsidiaries EASY SOFTWARE (UK) PLC., Suffolk/UK, EASY SOFTWARE INC., Exton, PA/USA and EASY SOFTWARE (ASIA PACIFIC) PTE. LTD, Singapore are translated into euros using the functional currency concept as per IAS 21. According to IAS 21, foreign currency is defined as the currency of the primary economic environment in which the entity operates. As, from a financial, economic and organizational point of view, all these companies carry out their business activities independently, the respective local currency is the functional currency. Assets and liabilities are therefore translated at the average rate ruling at the balance sheet date. Part of the items in the income statement is translated at the exchange rate ruling at the date of the respective transaction and there are also items translated at the year‘s average rate to simplify the process. Differences arising on the translation of foreign subsidiaries‘ financial statements are recognized without income statement impact and are separately shown in revenue reserves. In the year of deconsolidation of foreign subsidiaries these currency differences are reversed and taken to income.

In the financial year 2009 no functional currency of a company included in consolidation was classified as hyperinflationary as per IAS 29 (‚Financial Reporting in Hyperinflationary Economies‘).

Foreign currency translation was based on the following exchange rates:

	Average rate per EUR		Closing date rate per EUR	
	2009	2008	2009	2008
British pound (GBP)	0,8917	0,7938	0,8999	0,9735
US-Dollar (USD)	1,3946	1,4633	1,4332	1,4094
Singapore Dollar (SGD)	2,0252	2,0730	2,0138	2,0325

d) Accounting policies

The consolidated financial statements have been prepared in euros; all amounts are stated in thousands of euros (€ thousand). The cost method has been applied in principle. In compliance with IAS 27 uniform accounting policies have been established for all group companies, which have been changed compared to the previous year only to the extent described above.

As per IAS 1.51, the balance sheet is classified according to current and non-current assets and liabilities. The income statement is prepared using the nature of expense method.

In the following the major accounting policies are presented in detail:

Cost for newly developed software products are capitalized at cost of conversion as far as the expenditure can be clearly allocated and both the technical feasibility and the marketability of the newly developed products is guaranteed (IAS 38). Furthermore, the development activity has to result in probable future economic benefits. Costs of conversion comprise the cost directly or indirectly attribut able to the development phase. Amortization is made on the basis of the estimated sales period of the software products, currently amounting to three years. In compliance with IAS 38, research expenditures may not be capitalized and are therefore directly recognized as expenditure in the income statement.

Goodwill is capitalized in accordance with IFRS 3. IAS 36 and IAS 38 stipulate that there should be an impairment test at least once a year. Should there be any indication that it may be impaired, such an impairment test must also be made during the year and where required, impairment losses will be recognized. Impairment losses are reversed where the reasons for their recognition in the prior year no longer exist.

The recoverable amount of goodwill capitalized was determined on the basis of the value in use. The discounted net cash flows were determined on the basis of current success prospects and the financial and earnings planning of the lines of distribution for the next five years. The cash flows determined were discounted using a pre-tax discount rate of 9 % p.a. If the carrying amount of goodwill exceeds the recoverable amount thus determined, the difference represents the impairment which is recognized in the income statement. Recoverability of goodwill is assumed if the carrying amount falls below the amount assumed. Impairment is not required in this case. If the impairment test results in the necessity for impairment, the corresponding loss is recognized under amortization and write-downs.

Internally generated intangible assets (software development costs) are measured at cost, less scheduled amortization. The individual assets‘ useful lives are limited. According to their expected useful lives, they are amortized over a period of three years. Intangible assets are amortized using only the straight-line method.

Other intangible assets, especially the acquired customer base, are measured at cost, less scheduled amortization. The individual assets‘ useful lives are limited. According to their expected useful lives, they are amortized over a period of 3 to 15 years. Intangible assets are amortized using only the straight-line method.

Property, plant and equipment are measured at cost, less scheduled depreciation. The revaluation method optionally applicable under IAS 16 (‘Property, Plant and Equipment’) is not used. Tangible assets are depreciated using only the straight-line method.

Maintenance cost not embodying additional economic benefits are recognized as expense at the date they have been incurred.

Impairment losses are based on the following useful lives within the Group:

	Useful life/ Years
Intangible assets	3–15
Fixtures in third-party buildings	10
Technical equipment and machinery	3–5
Furniture	10

Where there is any indication that an asset may be impaired and where the recoverable amount is below amortized cost, impairment losses are determined on the tangible assets. Should the reasons for impairment losses no longer exist, they will be reversed.

As per IAS 2 (‚Inventories‘) inventories include product licenses and merchandise which are recognized at cost or the lower net realizable value respectively, determined on the basis of the expected sales proceeds less cost accruing.

Under IAS 11 (‚Construction contracts‘) projects not yet completed are recognized in trade receivables and classified as contract work in progress.This relates to fixed price contracts for which the total contract revenue can be estimated reliably and for which it is probable that the economic benefits associated with the contract will flow to the enterprise. Furthermore, both the contract costs to complete the contract and the stage of contract completion at the balance sheet date can be measured reliably and contract cost attributable to the contract can be clearly identified and measured reliably.

The contract revenue and contract costs associated with these projects are recognized as revenue and expenses respectively by reference to the stage of completion reached at the balance sheet date ("percentage of completion method"). In accordance with IAS 36, a loss expected to result from the construction contract must directly be recorded as expense.

The stage of completion reached in a project is determined on the basis of documentation showing the services rendered/ supplies made in this project.

As set out in IAS 39, trade receivables are classified as "loans and receivables" and recognized at amortized costs. Should there be any doubts as to their collectability, the customer receivables are recognized at the lower present value of the estimated future cash flows.

The financial assets shown in other receivables and attributable, under IAS 39, to the class "loans and receivables" are measured at amortized cost.

Individual value adjustments are made for recognizable risks. A defined benefit asset (IAS 19) is recognized for direct pension commitments. The asset is stated on the basis of actuarial calculations as per IAS 19. Actuarial gains and losses are recognized in profit or loss in the year they have been realized. Both the interest component included in the pension expenditure and actuarial losses are recognized under interest expenses.

Cash and cash equivalents are measured at their nominal values.

Regarding the recognition of assets that are not inventories, deferred tax assets or financial instruments, such assets are examined at each balance sheet date as to any indication of impairment. If such an indication exists, the recoverable amount (the higher of fair value less costs to sell and value in use) is determined and compared to the carrying amount recognized. If the recoverable amount falls below the carrying amount the asset is written down to the recoverable amount. The impairment loss is recognized as an expense in the income statement. Revaluations of non-current assets or impairments of non-current assets were not required in the financial year.

Provisions are recognized where there exist legal or constructive obligations to a third party which are based on past transactions and events and which will probably result in the outflow of assets which can be estimated reliably. The probability that a risk could materialize must be more than 50%. The provisions are recognized at the amount expected to settle the obligation, taking account of all identifiable risks, and are not offset with any recourse claims. For the amount recognized to settle the obligation, the most likely scenario is taken.

Liabilities are measured at amortized cost.

Revenues from the disposal of software and rendering software maintenance and services as well as the disposal of hardware and other items are realized when the services to be rendered/ the supplies to be made have been completed, the risk has been transferred and the expected consideration has been estimated reliably.

Income and expenses of the financial year are recognized when they are realized, regardless of the date of payment.

Interest is recognized as income or expense in the period in which they accrue.

Income taxes allow for current taxes and deferred taxes and are recognized in the income statement, unless the underlying facts are credited or charged directly to equity. Current income taxes mainly relate to allocations to the provision for trade tax and corporate income tax and are determined on the basis of the tax rates applicable as of the balance sheet date.

Deferred taxes are calculated using the temporary method as per IAS 12. According to that, deferred tax assets /deferred tax liabilities result from temporary differences in the amounts recognized in the tax balance sheets and the IFRS accounts (HB II), tax loss carryforwards that can be utilized, and consolidation measures.

The respective assessment bases of deferred taxes are measured at the income tax rate expected to be applicable at the date of the realization of the differences. The deferred taxes of the current year and future deferred taxes were measured at an average tax rate of 32.275% and at the tax rates applicable in the USA and Great Britain.

Deferred tax assets from deductible temporary differences and tax loss carryforwards are recognized only to the extent that it is probable that sufficient taxable income will be realized for their utilization.

Contingent liabilities are defined as possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. They are also defined as present obligations which result from past events. In the case of such obligations, however, it is not probable that an outflow of resources will be required and that the amount of the obligation cannot be measured with sufficient reliability. Under IAS 37 (‚Provisions, Contingent Liabilities and Contingent Assets') such obligations are not recognized in the balance sheet, but they are disclosed in the notes.

e) Segment reporting

According to IFRS 8, segment reporting must match the internal organizational and reporting structure of the group. This is performed within the EASY Group on a geographical basis; it breaks down into the segments Germany, Austria, Britain, USA, Singapore, and rest of the world.

f) Risk reserve

We allow for the specific risks involved in our business through the recognition of individual value adjustments. Regarding new customers we usually obtain information about their credit standing to assess the credit risk. The results of these analyses are considered when entering into new business relations. The maximum amount of credit risk equals the amount of the receivables recognized.

Fixed interest loans are agreed to cover interest risks.

Foreign currency risks are kept at the lowest possible level.

The high amount received under software service contracts at the beginning of the year guarantees sufficient liquidity during the year. Consequently, financing will generally be realized from the company's own funds.

g) Estimates made in applying accounting policies

The preparation of consolidated financial statements requires estimates and assumptions to be made with regard to several items which impact on the assets, liabilities and contingent liabilities recognized as of the respective balance sheet date as well as income and expenses of the reporting period. The actual amounts may differ from these estimates.

Assumptions and estimates are based on information currently available. Particularly factors, such as the circumstances existing at the date of the preparation of the consolidated financial statements and the future development assumed to be realistic in respect of the global and sector-related environment, were taken as a basis for the expected future trend of business. As developments occurring beyond the control of the management may differ from the assumptions, the actual amounts may deviate from those originally estimated. Should the actual situation differ from the expected development, the information concerned and, where required, the carrying amounts of the assets and liabilities involved will be adjusted accordingly.

The Management Board has made use of accounting policy options. Concerning the option with regard to the recognition of actuarial gains and losses, the company has decided to recognize such gains or losses in net profit or loss in the year in which they have accrued. If the company chose another method of recognition this would possibly have a significant influence on other receivables and personnel expenses.

As of the balance sheet date, the Management Board made the following future-related assumptions and identified material sources of margins of error which can result in a risk that assets and liabilities disclosed are required to be significantly adjusted within the financial year to come.

Other receivables / pension provision: The pension obligation is measured based upon a method using various parameters, such as the expected discount percentage, index-linked salary and pension increases and return on plan assets. If the development of these parameters significantly deviates from expectations this could materially impact on the pension obligation and thus on other receivables due to offsetting against plan assets.

Impairment: The carrying amount of goodwill, other intangible assets and property, plant and equipment is generally examined on the basis of discounted cash flows from the continued use and the disposal of fixed assets. Factors such as revenues falling below expectations and lower net cash flows resulting from this, but also changes in discount percentages, can lead to impairment.

Further estimates and assumptions especially relate to the assessment of the carrying amount of deferred tax assets on tax loss carryforwards and the measurement of other provisions.

h) Capital management

The aims of EASY SOFTWARE's capital management strategy are securing operations, increasing the company value, and creating a solid capital base to finance growth. The EASY SOFTWARE capital management strategy has remained unchanged compared to the previous year.

C. Notes to the balance sheet and income statement

The breakdown and development of intangible assets as of December 31, 2009 is presented in the table below:

	Software development costs	Goodwill	Other	Total
Cost values	TEUR	TEUR	TEUR	TEUR
Balance as of January 1, 2009	22.310	1.136	5.088	28.534
Additions	1.704	0	271	1.975
Disposals	0	0	0	0
Balance as of December 31, 2009	24.014	1.136	5.359	30.509
Accumulated amortization				
Balance as of January 1, 2009	20.249	53	3.346	23.648
Additions	1.847	0	214	2.061
Disposals	0	0	0	0
Balance as of December 31, 2009	22.096	53	3.560	25.709
Book value as of 12/31/2009	1.918	1.083	1.799	4.800

In the prior year intangible assets developed as follows:

	Software development costs	Goodwill	Other	Total
Cost values	TEUR	TEUR	TEUR	TEUR
Balance as of January 1, 2008	19.963	1.008	6.308	27.279
Additions	2.347	128	147	2.622
Disposals	0	0	1.367	1.367
Balance as of December 31, 2008	22.310	1.136	5.088	28.534
Accumulated amortization				
Balance as of January 1, 2008	18.464	53	3.006	21.523
Additions	1.785	0	340	2.125
Disposals	0	0	0	0
Balance as of December 31, 2008	20.249	53	3.346	23.648
Book value as of 12/31/2008	2.061	1.083	1.742	4.886

1. Software development costs

Software development costs were capitalized as intangible assets in accordance with IAS 38 for products where it is probable that the expected future economic benefits will cover the development costs accrued in full. The capitalized software development costs include personnel costs for employees involved in the software development including the employer‘s social security contributions as well as directly attributable overheads and external development cost. Software development costs are amortized over the expected product life of three years using the straight-line method. Based on our financial budgets and forecasts on the future development of the IT market, we estimate that the value in use of the software development costs will at least equal the carrying amount as of December 31, 2009.

2. Goodwill

Goodwill from the consolidation of investments in subsidiaries was determined on the basis of the provisions in IFRS 3 at the date of initial consolidation.

Goodwill spreads over the cash-generating units which are defined as legal units within the EASY Group: EASY SOFTWARE (UK) PLC., United Kingdom (€533 thousand), EASY SOFTWARE INC., USA (€198 thousand), and EASY Solutions Archivierungs- und Informationssysteme GmbH, Austria (€352 thousand).

Under the provision of IFRS 3 related to IAS 36 goodwill is examined as to impairment once a year (impairment test). In this test, the carrying amount is compared to the recoverable amount. The recoverable amount is calculated as the higher amount of the value in use or the fair value less cost to sell which is determined as present value of future cash flows. The expected cash flows are based on a qualified planning process, using prior years‘ internal data and economic key data externally collected. The cash flows are determined on the basis of the indirect method starting with net earnings after tax, adjusted by non-cash expenses and earnings, as well as by changes in working capital. The detailed planning period comprises five years. The approach of an eternal pension is not performed. The determined capitalization rate used to pay off the targeted cash flows at the time of the balance sheet date amounts to 9% p.a. These are the weighted overall capital costs after tax.

No revaluation was required in 2009.

Under IFRS 3.79 (b) amortization on goodwill accumulated until December 31, 2004 was eliminated with the cost values as of January 1, 2005.

3. Other intangible assets

This item includes mainly licenses and customer bases.

Other intangible assets were recognized at cost, less scheduled amortization. They have also been tested for impairment. The impairment test was based on the planned operating results from realizable revenues. Taking into account a long-term interest rate and an adequate risk surcharge, the company determined a hypothetical purchase price and market price respectively as the recoverable amount for the customer base. In this case the test did not result in revaluation requirements.

4. Fixed assets

The breakdown of property, plant and equipment is presented below:

	Furniture and fixtures and office equipment
Cost values	TEUR
Balance as of January 1, 2009	3.425
Additions	125
Disposals	13
Balance as of December 31, 2009	3.537
Accumulated amortization	
Balance as of January 1, 2009	2.772
Additions	309
Disposals	4
Balance as of December 31, 2009	3.077
Book value as of December 31, 2009	460

In the prior year intangible assets developed as follows:

	Furniture and fixtures and office equipment
Cost values	TEUR
Balance as of January 1, 2008	3.181
Additions	244
Disposals	0
Balance as of December 31, 2008	3.425
Accumulated amortization	
Balance as of January 1, 2008	2.402
Additions	356
Disposals	0
Currency effects	14
Balance as of December 31, 2008	2.772
Book value as of December 31, 2008	653

Assets to be recognized as property, plant and equipment in accordance with IAS 17 and acquired by way of finance lease do not exist.

5. Holdings

Holdings amounting to €5 thousand refer to a share amounting to 14.3% in ECM Allianz Deutschland GmbH.

6. Deferred taxes on the assets side

Deferred tax assets recognized affect the following items:

	12/31/2009	12/31/2008
	TEUR	TEUR
Pension provisions	35	35
Loss carryforwards	3.214	3.394
	3.249	3.429

The determination of deferred tax assets on loss carryforwards was based on a forecast period of five years for the financial year 2009. In view of the future investments made by EASY SOFTWARE AG of Mülheim an der Ruhr (Germany) in 2009, we assume – also against the background of the current forecasts of all group companies – further improvement to the results of operations.

The changes in the year under review relate to revaluation of the deferred tax assets with regard to EASY SOFTWARE INC. USA, amounting to € –180 thousand.

The tax rates for determination of deferred tax assets in Germany and abroad are adjusted to the legal situation applicable at the respective balance sheet date.

7. Inventories

The breakdown of inventories is as follows:

	12/31/2009	12/31/2008
	TEUR	TEUR
Product licenses	175	182
Merchandise	67	3
Inventories	838	0
	1.080	185

8. Trade receivables

In accordance with IAS 39 trade receivables are classified as "loans and receivables" and recognized at amortized cost. If there are doubts as to their collectability, customer receivables are stated at the lower present value of the estimated future cash flows.

Foreign currency amounts are translated into euros at the closing date rate. All current receivables are due within a year. .

Gross amount before valuation allowance	Of which neither reduced in value nor subject to valuation allowance at the closing date	Of which not reduced in value and overdue within the following time spans as per closing date			
		Less than 10 days	Between 11 and 30 days	Between 31 days and 1 year	After more than 1 year
TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
4.632	3.742	1.746	382	882	732

Valuation allowances increased by €42 thousand to €890 thousand in the reporting period.

Amortized costs are equal to fair values.

Under IAS 11 (‚Construction Contracts') contract revenues of €48 thousand were recognized in trade receivables due to projects not yet completed.

Contract revenues include contract costs of €30 thousand and profits of €18 thousand.

The company's credit risk is associated mainly with its operations. An unexpected loss in financial assets is considered to represent a credit risk, e.g. if customers are not able to meet their obligations within the agreed period. Accounts receivable are locally controlled on a permanent basis. Valuation allowances are recognized to take account of credit risks.

The carrying amounts of the financial assets recognized in the balance sheet reflect the maximum credit risk.

The EASY Group has its own credit management facility to react to any credit risks.

9. Other receivables

Other receivables mainly comprise prepaid expenses and a defined benefit asset.

The defined benefit asset as per IAS 19 is recognized on the basis of liabilities to a former member of the Management Board now retired. The pension commitment to another former member of the Management Board now retired no longer exists. The benefit was paid out prior to the term of contract.

The liability is a defined benefit obligation linked to the years of service in the company, where fixed amounts are granted to the eligible person. The amount of the pension commitments before offsetting against plan assets is determined on the basis of actuarial methods in compliance with ISA 19 and corresponds to the defined benefit obligation (DBO). Actuarial gains and losses are therefore recognized in the income statement in the year in which they were generated. The calculation was based on the following parameters:

in %	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005
Assumed rate of interest	5,12	5,82	4,00	4,00	4,00
Index-linked pension increase	2,00	2,00	1,00	1,00	1,00
Biometric probabilities	"Mortality tables 2005 G" by Prof. Dr. Klaus Heubeck				

Index-lined pension increases and the turnover level have not been considered, as the calculation above only covers retired eligible pensions. The defined benefit asset developed as follows:

	2009	2008	2007	2006	2005
	TEUR	TEUR	TEUR	TEUR	TEUR
Present value of the obligation as of January 1	350	357	364	352	306
Reversals / additions	–1	–7	–7	12	46
Claim	–35	0	0	0	0
Balance as of December 31	314	350	357	364	352
Less plan assets (pension plan reinsurance claims)	323	378	378	374	372
Net assets	9	28	21	10	20

Plan assets do not bear interest.

Reversals of / additions to the present value of the obligation break down as follows:

	2009 TEUR	2008 TEUR	2007 TEUR	2006 TEUR	2005 TEUR
Interest income / cost	–1	–7	–7	12	14
Actuarial losses	0	0	0	0	32
Reversals / additions	–1	–7	–7	12	46

Interest described above is included in the company‘s net interest income. Pension obligations are covered by pension plan reinsurance taken out at the date of the pension commitments. The amount of the fair value of the pension plan reinsurance exceeding the defined benefit obligation is a refund claim of the company and has been disclosed under other receivables.

10. Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand to the amount of €1 thousand (prior year: €2 thousand) and bank balances (call deposits) to the amount of €1,370 thousand (prior year: €2,624 thousand).

11. Share capital and shares

The subscribed capital is €5,403,000.00 as of

December 31, 2009 and is made up of 5,403,000 no-par-value bearer shares with a computed share of €1.00 each in the share capital. All shares grant the same rights.

The general meeting has authorized the Management Board to increase the company‘s share capital once or several times by up to €2,701,500.00 against cash or non-cash contributions (authorized capital).

The capital reserve stems from the issue of shares above par. Capital reserve is treated in compliance with German stock corporation law.

Minority interests relate to the shareholder who holds 30% in the subscribed capital of the Austrian subsidiary EASY SOLUTIONS Archivierungs- und Informationssysteme GmbH.

12. Deferred tax liabilities

Deferred tax liabilities recognized relate to the following items:

	12/31/2009	12/31/2008
	TEUR	TEUR
Software development costs	619	665
Profits from contract revenues generated in projects not yet completed	6	28
	625	693

13. Provisions

Current provisions amounting to €19 thousand relate only to other commitments. They affect provisions for taxes.

	As of 01/01/2009	Expenditure	Addition	As of 12/31/2009
	TEUR	TEUR	TEUR	TEUR
Tax provisions	23	23	19	19

14. Financial liabilities

Financial liabilities are initially measured at their fair value at the balance sheet date (IAS 39.43). The carrying amounts equal the fair values. This item includes exclusively short-term liabilities to banks (current account).

15. Trade payables

Trade payables relate to the company's operations and are recognized at amortized cost. The carrying amounts equal the fair values. The liabilities bear not interest.

16. Other liabilities

Other current liabilities are recognized at amortized cost and relate to advance payments received (€51 thousand), tax (€239 thousand), deferred income (€423 thousand) and other liabilities (€314 thousand). The liabilities are not subject to interest. The carrying amount equals the fair value.

The deferred income essentially relates to software maintenance contracts already credited and paid for by customers, but the services of which will have to be rendered in the future.

Notes to the consolidated income statement (IFRS)

17. Revenues

The Group's revenues, broken down by deliveries and services, comprise:

	2009 TEUR	2008 TEUR
Revenues		
Domestic	17.131	18.224
Foreign	5.168	6.147
	22.299	24.371
Revenues		
Software	7.195	8.663
Maintenance/Services	14.493	14.926
Hardware and other	611	782
	22.299	24.371

18. Own work capitalized

Own work capitalized covers software development costs. They include direct personnel expenses and personnel overheads as well as costs of outside services.

19. Other operating income

Other operating income relates mainly to costs passed on to third parties and attributable to the marketing division (€169 thousand), profits (€25 thousand) realized on the sale of fixed assets, insurance compensations (€20 thousand), lease contracts (€7 thousand), and other income (€5 thousand).

20. Cost of materials

The cost of materials consists of:

	2009 TEUR	2008 TEUR
Cost of materials		
Software	1.705	1.821
Maintenance/Services	2.019	2.243
Hardware and other	811	740
	4.535	4.804

21. Personnel expenses

Personnel expenses are specified as follows:

	2009	2008
	TEUR	TEUR
Salaries	9.336	9.831
Severance pay	126	184
Social security contributions	1.633	1.678
	11.095	11.693

Employer's social security contributions amount to €1,364 thousand (prior year: €1,316 thousand). .

22. Other operating expenses

Other operating expenses break down as follows:

	2009	2008
	TEUR	TEUR
Other operating expenses		
Rent and ancillary costs	889	995
Travel and entertain-ment expenses	713	904
Vehicle-related costs	675	764
Telephone charges and postage	200	175
Advertising and trade shows	806	1.714
Insurance premiums	183	121
External development	116	957
Legal and consulting fees	239	427
Selling commissions	79	742
Valuation allowances and bad debt losses	52	493
Other taxes	8	52
Other operating expenses, sundry other expenses	1.252	894
	5.212	8.238

23. Interest income/expense

Interest income is realized in connection with interest received from balances on current and fixed deposit accounts.

Interest expense is incurred in connection with loan liabilities due to banks.

24. Taxes on income

Tax expenses include deferred taxes, corporate income and trade taxes of domestic companies and comparable income taxes of foreign companies, if applicable.

Deferred taxes developed as follows:

	12/31/ 2008 TEUR	Tax expense TEUR	Tax income TEUR	12/31/ 2009 TEUR
Deferred tax assets	3.429	180	0	3.249
Deferred tax liabilities	–693	0	68	–625
Total deferred taxes	2.736	180	68	2.624
Plus				
Current tax expenses		48	0	
Total tax expenses/ income		228	68	

Deferred taxes were calculated at the tax rate (32.275%) of EASY SOFTWARE AG of Mülheim an der Ruhr, Germany. The loss carryforward not considered in the calculation of deferred tax assets is €15,802 thousand (prior year: €15,276 thousand). The total loss carryforwards amount to €26,056 thousand (prior year: €25,964 thousand).

Reconciliation from expected tax expense to actual tax expense:

	2009 TEUR	2008 TEUR
Result before income tax	975	143
Anticipated income tax (EBT x 32.275%)	315	46
Difference due to change in tax rate	0	–39
Expenses non-deductible for tax purposes	14	141
Differences due to foreign tax rates	–14	–12
Use of tax loss carryforwards	–335	0
Adjustments prior years (prior year refund claim)	0	43
Deferred taxes on tax loss carryforwards	180	–208
Actual tax expense	160	–29

25. Net income for the financial year apportionable to the investor of EASY SOFTWARE AG and earnings per share

Net income for the financial year amounts to €0.8 million (prior year: €0.1 million). Earnings per share for the individual periods are determined in compliance with IAS 33 by dividing the consolidated profit or loss by the number of outstanding shares.

		2009	2008
Consolidated profit or loss	EUR	782.753	140.194
Number of shares on an annual average	Stück	5.403.000	5.403.000
Earnings per share	EUR	0,14	0,03

Diluted earnings per share could not be determined for the current financial year.

26. Contingent liabilities

As of December 31, 2009, the following guarantees to be provided on request were existent:

	2009	2008
	TEUR	TEUR
Guarantees given in favor of EASY SOLUTIONS GmbH	440	440

27. Other financial commitments

Based on the total lives of the underlying contracts, other financial obligations break down as follows:

	Up to 1 year	1 to 5 years	More than 5 years	Total
	TEUR	TEUR	TEUR	TEUR
Rentals	700	330	51	1.081
Leasing	375	296	0	671
Software maintenance	172	483	0	655
	1.247	1.109	51	2.407

D. Cash flow statement

28. Cash and cash equivalents

In accordance with IAS 7 (Cash Flow Statement), the cash flow statement presents the changes in cash and cash equivalents resulting from cash inflows and outflows during the reporting year.

The cash flow statement distinguishes between changes in cash flows from operating, investment and financing activities.

Cash and cash equivalents comprise:

	2009	2008
	TEUR	TEUR
Cash-in-hand	1	2
Bank balances	1.370	2.624
	1.371	2.626

E. Segment reporting

Segment reporting has been prepared in accordance with IFRS 8. The segmentation is based on the internal control and reporting the Group. Disclosures on the segments are made in the management report.

	Germany	Austria	UK	USA	Singapore	Rest of the world	Consoli-dation	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Total carrying value of the assets	14.477	270	921	574	79	0	–1.305	15.016
Additions to fixed assets	2.048	0	10	42	0	0	0	2.100
Revenues	18.284	922	1.559	1.042	133	1.645	–1.286	22.299
. External revenue	17.160	922	1.546	1.026	0	1.645	0	22.299
· intersegmentäre Umsätze	1.124	0	13	16	133	0	-1.286	0
Liabilities	2.482	62	946	722	5	0	–1.305	2.912
Profit / loss *	1.186	108	35	2	7	0	–523	815
Long-term assets	8.005	3	238	265	3	0	0	8.514
Deferred taxes on the assets side	2.812	0	215	222	0	0	0	3.249
Deferred tax liabilities	625	0	0	0	0	0	0	625
Depreciation	2.332	3	26	7	2	0	0	2.370
Interest income	115	1	0	1	0	0	–74	43
Interest cost	37	0	65	0	0	0	–3	99

* Surplus for the period

In the prior year intangible assets developed as follows:

	Germany	Austria	UK	USA	Singapore	Rest of the world	Consoli-dation	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Total carrying value of the assets	16.627	307	3.395	622	81	0	−3.592	17.440
Additions to fixed assets	2.717	5	140	4	0	0	0	2.866
Revenues	19.860	955	1.903	779	188	2.093	−1.407	24.371
. External revenue	18.721	955	1.858	744	0	2.093	0	24.371
. Revenue between segments	1.139	0	45	35	188	0	-1.407	0
Liabilities	4.507	137	3.846	1.316	19	0	−3.592	6.233
Profit / loss *	−2.400	139	1.415	−4	10	0	1.012	172
Long-term assets	8.912	5	36	6	9	0	0	8.968
Deferred taxes on the assets side	2.810	0	215	403	0	0	0	3.428
Deferred tax liabilities	692	0	0	0	0	0	0	692
Depreciation	2.441	3	33	4	0	0	0	2.481
Interest income	219	6	1	3	0	0	−45	184
Interest cost	0	0	188	0	0	0	−3	185

29. Expenditure on research and development

In addition to the development costs of internally generated software, as shown in other tangible assets, the expenditure on research and development incurred during the reporting period was €943 thousand. This amount is included in the current expenses of the period.

F. Other disclosures

30. Disclosure based on section 160 para. 1 no. 8 of AktG (German Stock Corporation Act) related to section 21, para. 1 of WpHG (German Securities Trading Act)

In accordance with section 21, para. 1 of WpHG, Mr. Gert Lorenz, Germany, notified us on August 13, 2009 that his share of voting rights in EASY SOFTWARE AG of Mülheim an der Ruhr exceeded the 3% and 5% thresholds of the voting rights and is now 6.75% (this equals 364,917 voting rights). Of these, 6.16 (332,937) are apportionable to him, according to section 22, para. 1 no. 1 WpHG. The voting rights attributed to Mr. Gert Lorenz are applied to the following company controlled by him, the voting right share of which in EASY SOFTWARE AG is 3% or more: CFT Consulting GmbH. According to section 21, para. 1 WpHG, CFT Consulting GmbH of Bobingen, Germany, notified us on July 30, 2009 that its share of voting rights in EASY SOFTWARE AG of Mülheim an der Ruhr, Germany, exceeded the 3% and 5% thresholds, and was 6.16% at that date (this equals 332,937 voting rights).

According to section 21, para.1 WpHG, Vestcorp AG of Düsseldorf, Germany, notified us that its share of voting rights in EASY SOFTWARE AG of Mülheim an der Ruhr, Germany, exceeded the 3% and 5% thresholds. Since that date its share of voting rights has been 0.287% (this equals 15,525 voting rights).

Other shareholders whose shares of voting rights in EASY SOFTWARE AG of Mülheim an der Ruhr, Germany, exceeded the 3% and 5% thresholds on December 31, 2009 are:

Name	Notification date	Share of voting rights	Voting rights
Lupus alpha Investment S.A. of Luxemburg	11/26/ 2008	4,99	270.000
TFG Capital AG Unternehmensbeteiligungsges. of Marl, Germany	01/28/ 2008	5,92	319.800
UBS Global Asset Management (Deutschland) GmbH of Frankfurt, Germany	03/05/ 2007	5,18	280.000
EA Vermögensverwaltungsgesellschaft mbH of Munich, Germany	10/18/ 2006	3,1612	170.800
RS Consulting GmbH of Munich, Germany	10/18/ 2006	3,1612	170.800
Rudolf Schwaab of Munich, Germany	10/18/ 2006	3,1612	170.800

31. Related party disclosures

According to section 21 of the valid statutes the members of the Supervisory Board receive remuneration of €2,250.00 in addition to the reimbursement of their expenses. The chairman receive twice the amount and the vice-chairman receives one and a half as much. Profit-related remuneration components have not been paid. Total remuneration paid to the Supervisory Board amounted to €9 thousand (prior year: €10 thousand).

Remuneration of the Management Board is composed of a non-profit-related and a profit-related portion. The non-profit-related portion consists of a fixed sum being paid as a monthly base salary and of an amount of remuneration in kind to be recognized in accordance with fiscal regulations. The profit-related portion consists of a management bonus. Other variable remuneration components such as share options were not agreed upon.

In the year under review two persons were appointed to be members of the Management Board in accordance with the regulations of sections 84 and 85 of AktG. The total remuneration of the Management Board amounted to €547 thousand (prior year: €419 thousand). For the period from January 1 to December 31, 2009, Mr. Gereon Neuhaus (CEO) received a fixed amount of €255 thousand (consisting of a fixed salary and remuneration in kind) and variable remuneration components of €150 thousand. For the financial year 2009, Mr. Andreas C. Nowottka received a fixed amount of €132 thousand (consisting of a fixed salary and remuneration in kind) and variable remuneration components of €10 thousand.

There have been no loan contracts with members of the Supervisory Board and the Management Board.

EASY SOFTWARE AG has concluded service contracts with companies of the business group owned by Mr. Manfred Wagner,

chairman of the Supervisory Board, covering the performance of administrative services being settled at standard market conditions. In 2009 these services were remunerated at €202 thousand (prior year: €245 thousand). Mr. Manfred A. Wagner holds 26.84% of the shares in the company's share capital.

As of December 31, 2009 the shareholdings of members of the Management Board and Supervisory Board are made up as follows:

	Number	%
Management Board		
Gereon Neuhaus	94.266	1,74 %
Andreas C. Nowottka	0	0,00 %
Supervisory Board		
Manfred A. Wagner	1.450.314	26,84 %
René Scheer	0	0,00 %
Prof. Dr.-Ing. habil. Helmut Balzert	0	0,00 %

Other material related party transactions required to be reported have not occurred in the financial year.

32. Executive bodies

Management Board

Gereon Neuhaus (chairman)
Andreas C. Nowottka

They are members of the Management Board on a full-time basis.

Supervisory Board

Manfred A. Wagner (chairman)
Unternehmer, Oberhausen

René Scheer (vice-chairman)
Sole member of the Management Board of ComNetMedia AG, Dortmund

Prof. Dr.-Ing. habil. Helmut Balzert
Holder of the chair of software technology at the Ruhr University of Bochum,
Managing director of W3L GmbH, Witten

Mr. Manfred A. Wagner holds further Supervisory Board seats at mcn tele.com AG, Bad Homburg, and at PB Lebensversicherung AG, Hilden.

Prof. Dr. Helmut Balzert holds further Supervisory Board seats at otris software AG, Dortmund (chairman), and at Schleupen AG, Moers.

Mr. René Scheer holds further Supervisory Board seats at BIG – Die Direktkrankenkasse, Berlin (alternating chairman of the administrative council) and at Westfalen-Informatik AG, Dortmund.

33. Cost of audit of financial statements (disclosures as per section 314, para. 1 no. 9 of HGB – German Commercial Code)

Costs for audits of separate and consolidated financial statements amount to €72 thousand. The auditor did not perform any other activities.

34. Employees

In the financial year 2009, the average number of persons employed by the Group was 165 (prior year: 169). According to geographical location, 147 employees are employed in Germany, 1 employee in Austria, 10 employees in the UK, 2 employees in Singapore, and 5 employees in the United States.

35. Events after the balance sheet date

Significant events after the balance sheet date which would be material for the assessment of the Group's net assets, financial position and results of operations have not occurred.

On March 12, 2010 the Management Board of EASY SOFTWARE AG released the consolidated financial statements and the group management report for submission to the Supervisory Board. The Supervisory Board is required to examine such documents and to state whether it approves them.

36. Declaration of compliance as per section 161 of the German Stock Corporation Act (AktG)

The declaration of compliance with the Corporate Governance Code including any deviations, as stipulated in section 161 AktG, has been made available to the shareholders on a permanent basis on our Website (www.easy.de).

Mülheim an der Ruhr, March 12, 2010.

Gereon Neuhaus Andreas C. Nowottka

Responsibility statement by the company's legal representatives

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

Mülheim an der Ruhr, March 12, 2010

Auditor's report

We have issued the unqualified auditor's report as follows:

"Auditor's report"

We have audited the consolidated financial statements prepared by EASY SOFTWARE AG of Mülheim an der Ruhr comprising the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the group management report for the financial year from January 1 to December 31, 2009. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the E.U., and with the additional requirements of section 315a, para. 1 HGB (German Commercial Code) are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB (German Commercial Code) and generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected within reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of entities to be included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to section 315a para. 1 HGB (and supplementary provisions of the shareholder agreement/statutes) and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Cologne, March 12, 2010

KPMG AG

Wirtschaftsprüfungsgesellschaft (auditing company)

Stollenwerk	Pollmann
Auditor	Auditor

Report of the Supervisory Board

In the financial year 2009, the Supervisory Board discharged its duties incumbent on it under the law and the statutes. We supervised the activity of the Management Board and supported it in an advisory function. In four joint meetings as well as supplementary individual discussions, the Management Board informed the panel in detail about corporate policy, corporate planning including financial, investment and personnel planning, and the business trend. No committees were appointed. Any business transactions requiring approval were examined, discussed and authorized by the Supervisory Board. Essentially, these included

- Transferring software distribution and support in Asia to four EASY Direct Partners

- Reorganizing the Product Management and Development departments into topic-related business units

The company's economic situation, strategic orientation and prospective trends were the subject matter of these routine deliberations.

The Supervisory Board did not undergo any internal changes. The accounting system, the annual statement of EASY SOFTWARE AG, the consolidated statement (IFRS) and the status report were audited by the auditing firm KPMG AG Wirtschaftsprüfungsgesellschaft of Cologne (Germany), which was chosen as auditor at the general meeting, and received an unqualified audit certificate. The annual statement, the consolidated financial statement and the status report as well as the auditor's report were submitted to all members of the Supervisory Board. In the meeting to approve the balance sheet, these documents were discussed in detail following the auditor's report, and in the auditor's presence. We have examined the annual statement, the consolidated financial statement, and the status report. No objections were raised. We agree with the result of the final audit. The consolidated financial statement and the annual statement compiled by the Management Board have therefore been accepted and ascertained.

Mülheim an der Ruhr, March 2010

For the Supervisory Board

Manfred A. Wagner

W e   s a v e   t i m e .

For more information on EASY SOFTWARE AG in excess of the annual report, we recommend that you visit our Website at www.easy.de, where you will find press releases, news about the company and an investor relations area providing detailed information about the EASY stock. This includes an info service offering you the option to receive regular information via fax or e-mail.

This annual report includes future oriented forecasts. These are based on sound assumptions and estimates by EASY SOFTWARE AG, and are realistic from the current point of view. There can be no guarantee, however, that these statements will turn out to be true in the future. Since the underlying expectations are influenced by risks and uncertainties, the actual results may differ from the forecasts. EASY SOFTWARE AG disclaims all liability for updating these forecasts.

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