all for one steeb

# MORE PEOPLE, MORE VALUE!

All for One Midmarket AG I Annual Report 2010/11

Financial Year 2010/11

# KEY FIGURES

| CONTINUING OPERATIONS (IFRS) | | 10/2010 – 9/2011 | 10/2009 – 9/2010 | Δ in % | 10/2008 – 9/2009 |
|---|---|---|---|---|---|
| Sales revenues | EUR million | 90.2 | 78.8 | 14 | 74.1 |
| EBITDA | EUR million | 7.8 | 6.0 | 29 | 3.2 |
| EBITDA margin | % | 8.6 | 7.7 | | 4.4 |
| EBIT | EUR million | 4.7 | 2.5 | 86 | -0.3 |
| EBIT margin | % | 5.2 | 3.2 | | -0.3 |
| Earnings after tax | EUR million | 5.2 | 2.0 | 156 | -0.5 |
| Return on sales | % | 5.7 | 2.6 | | -0.7 |
| Employees (period-end) | Number | 477 | 424 | 13 | 418 |
| Full-time equivalents (ø) | Number | 435 | 394 | 10 | 394 |
| Earnings after tax* | EUR million | 7.3 | 2.0 | 260 | 2.2 |
| Earnings per share* | EUR | 1.41 | 0.38 | 273 | 0.40 |

* Figures include discontinued operation

| | | 30.09.2011* | 30.09.2010 | Δ in % | 30.09.2009 |
|---|---|---|---|---|---|
| Net liquidity | EUR million | 12.6 | 9.8 | 29 | 6.5 |
| Equity | EUR million | 38.4 | 32.4 | 18 | 31.5 |
| Equity ratio | % | 59 | 55 | | 50 |
| Total assets | EUR million | 65.3 | 59.3 | 10 | 63.3 |

* Figures include discontinued operation

The Financial Year 2010/11

# AT A GLANCE

»Numerous new client projects, strong figures, major gains in all areas – All for One Midmarket AG can look back on a remarkably prosperous financial year 2010/11.

We will be adding even more exciting chapters to this success story that is now in its third straight year – under the new brand name All for One Steeb. Together with Steeb Anwendungssysteme GmbH, which we acquired in December 2011, we will form the most efficient SAP full-service provider in countries where German is spoken: MORE PEOPLE! MORE VALUE!«

| Lars Landwehrkamp | Stefan Land |
|---|---|
| CEO | CFO |

# CONTENTS

# REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

All for One Midmarket AG can look back on a very successful financial year. Sales revenues improved on a strictly organic basis by 14% to EUR 90.2 million, while the EBIT increased from EUR 2.5 million to 4.7 million. These results even surpassed the revenue and earnings forecast which had already been raised in the course of the year. The clear positioning as an SAP full-service provider for small and mid-sized enterprises and the focus on a few core industries have proven to be both sustainable and robust – and a good business environment helped provide an added boost.

The supervisory board diligently fulfilled its duties in the financial year 2010/11 in accordance with prevailing statutes and the company articles of association. The management board provided written and oral reports to regularly inform the supervisory board about business performance, the position of the company and the Group, the earnings, assets and financial situation, all issues of fundamental importance for corporate planning and budgeting, and about developments and plans that were of special importance to the company. Potential corporate acquisitions were the main items on the agenda in 2010/11. As chairman of the supervisory board, I maintained continuous and also personal contact with the management board during the times between supervisory board meetings, and gathered information about the latest developments and business performance on a regular basis.

## Focus of the Supervisory Board Meetings

Topics regularly deliberated during meetings of the supervisory board included the monitoring of the strategy implementation, business developments, planning and budgeting, the risk situation and the further enhancement of risk management and corporate governance within the company. The board also discussed acquisition projects in great detail. The entire supervisory board met during nine meetings in the reporting year, some of which were conducted in the form of telephone conferences. A number of co-ordination discussions were also made by telephone. The following were the most important matters discussed:

The major topics handled during the supervisory board meeting of **1 December 2010** and the balance sheet meeting of **2 December 2010** were already presented in the supervisory board report at the annual general meeting of 16 March 2011.

In its meeting of **20 December 2010** the supervisory board discussed how the treasury stock was to be handled, and approved its cancellation and the related simple reduction in share capital. This meeting was convened as a telephone conference.

The main points of discussion during the supervisory board meeting on **14 February 2011** were the latest business performance, the outlook for the financial year, the status of various corporate acquisition projects, human resource activities within the Group and changes in the shareholder base. Other matters included a discussion of the 3-month report and approving the Declaration of Conformity with the German Corporate Governance Code.

In the supervisory board meeting of **25 March 2011** the supervisory and management board used a telephone conference to thoroughly review and discuss the offer document from CROSS Informatik GmbH, and then agreed on a joint statement regarding the takeover bid.

Business performance after six months, the outlook for the remaining financial year, a potential corporate acquisition project and discussions with division managers in conjunction with the risk management approach were the priorities of the supervisory board meeting held on **11 May 2011**.

In its meeting of **30 June 2011** the supervisory board used a telephone conference to deal in depth with more detailed information about a corporate acquisition project. Several decisions were made about how to proceed in this matter.

The supervisory board meeting convened on **17 August 2011** was dedicated primarily to a more substantial review of a corporate acquisition project.

The last meeting of the financial year 2010/11 was held on **19 September 2011**. In this meeting the 2011/12 budget was examined, reviewed and approved, and the projected results for the financial year 2010/11 were discussed. The supervisory board also carefully reviewed the planned corporate acquisition project and discussed the further steps to be taken. The German Corporate Governance Code was also discussed and additional measures were initiated. As part of its approach to risk management, the supervisory board was also briefed on the findings from the internal audit and on business developments.

The supervisory board discussed a corporate acquisition project in detail during the meeting it convened on **8 November 2011**.

## Committees

The supervisory board had no committees during the reporting period and no committees were formed.

## Annual and Consolidated Financial Statements and Management Reports

The auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, Stuttgart, were elected by the annual general meeting of 16 March 2011. KPMG audited the annual financial statements including the management report, as well as the consolidated financial statements including the Group management report, and accorded each an unqualified audit opinion.

The financial statement documents and the audit reports for the financial year 2010/11 were duly submitted to the supervisory board for its review. The supervisory board discussed the preliminary annual financial statement documents at length with the auditors and the management board who were present during the meeting on 5 December 2011, and prepared the supervisory board resolution for approving the consolidated financial statements and finalising the annual financial statements.

The supervisory board carefully examined and discussed the annual financial statement documents in the presence of the auditors during the supervisory board meeting that was convened to finalise the accounting statements on 6 December 2011. The auditors reported about the key findings of their audit. Their explanations about the earnings, assets and financial situation of the company and the Group were discussed at length. Based on the results of its own examination of the annual financial statements, the consolidated financial statements and the management reports, the supervisory board found no cause for objection to the annual and consolidated financial statements prepared by the management board, and consequently concurred with the audtors' findings. On 6 December 2011 the supervisory board approved the consolidated financial statements prepared by the management board and finalised the annual financial statements of All for One Midmarket AG.

The management board prepared a report about relationships with affiliated companies pursuant to § 312 »Aktiengesetz«. The auditors examined this report and issued the following audit opinion:

»Based on our statutory audit and evaluation, we certify that:

1. The actual information contained in the report is correct.
2. The company's output was not unreasonably high for the legal transactions listed in the report.
3. The actions listed in the report provide no cause for any significantly different assessment than that expressed by the management board«.

The members of the supervisory board were informed promptly about the dependent company report by the management board and the audit report that the auditors prepared about it. The supervisory board carefully examined these documents during its meeting on 6 December 2011. No objections were made.

## Corporate Governance

During the past financial year the supervisory board dealt at length with enhancing good corporate governance within All for One Midmarket AG. The board consulted and was guided by the German Corporate Governance Code in its version of 26 May 2010 after the government commission decided in mid-2011 not to update the recommendations. The joint Declaration of Conformity prepared by the management and supervisory board in accordance with § 161 »Aktiengesetz« was approved in the meeting held on 14 February 2011 and published in the electronic Federal Gazette and on the company's website. No conflicts of interest arose between the members of the management board and the supervisory board during the reporting period, such as would be required to be reported to the supervisory board or about which the annual general meeting would have to be informed.

On behalf of the entire supervisory board, I would like to thank the management board and all the employees in the Group companies for their remarkable personal dedication and outstanding achievements during the financial year 2010/11. Once more they have taken All for One Midmarket AG another big step forward, and I have no doubt that the company is well-positioned for even greater success in the future.

Filderstadt, 6 December 2011
The Supervisory Board

Peter Brogle
Chairman of the Supervisory Board

# CORPORATE GOVERNANCE REPORT

Corporate governance is firmly anchored in All for One's day-to-day operations. In the form of responsible, accountable and transparent management it is actively »lived«, and continuously reviewed, enhanced and improved.

Good corporate governance is not only the very essence of everything that All for One Midmarket AG does on a daily basis for its shareholders, business partners, employees and relationships with the public, but it also provides the vital basis for sustained success. The recommendations made by the Government Commission on the German Corporate Governance Code provide important advice and guidance to this end. The commission announced in mid-2011 that the code would not be amended during the 2011 year. This decision was made in order to afford companies more time to fully appraise the 2010 code, which took effect on 2 July 2010 and remains valid.

## Declaration of Conformity

The supervisory and management board issued their joint Declaration of Conformity pursuant to § 161 »Aktiengesetz« on 14 February 2011. The Declaration of Conformity was published in the electronic Federal Gazette and made permanently available on the company's website. The Declaration of Conformity deviates from the recommendations in four points. The D&O insurance will continue to not include a deductible for the members of the supervisory board. The management and supervisory board believe that this executive body will perform its duties to the fullest extent and in a highly responsible and motivated manner even without a deductible (*Section 3.8, Suitable Deductible on Concluding a D&O Insurance Policy).* Because the supervisory board consists of three individuals, the forming of committees (*Section 5.3, Formation of Committees*), such as an audit committee (*Section 5.3.2*) or a nomination committee (*Section 5.3.3*), would provide no additional benefits and is therefore considered to be neither useful nor practical. Although it fully intends to do so, the supervisory board has not yet set any specific objectives for its composition *(Section 5.4.1, Definition of Specific Objectives Regarding the Composition of the Supervisory Board and Follow-Up Measures).* The process of developing an internal opnion on this recommendation has not been completed, to include the aspect of expressing the objectives in as relevant a manner as possible. Although performance-related compensation is in place on the management board level, such compensation is still considered to be unwarranted at the supervisory board level *(Section 5.4.6, Compensation of Members of the Supervisory Board).*

## Corporate Governance Statement

The Corporate Governance Statement pursuant to § 289a »Handelsgesetzbuch« is posted on the company's website.

## Shareholders and the Annual General Meeting

The shareholders of All for One Midmarket AG exercise their rights at the annual general meeting. According to § 13 of the company articles of association, each registered share carries one vote. The chairman of the supervisory board chairs the annual general meeting. The annual general meeting decides on all its tasks and duties as prescribed by law, which include the election of the supervisory board members, amending the company articles of association, the appropriation of earnings and corporate actions among other things.

## Supervisory Board

The primary task of the supervisory board is to advise and oversee the management board. The supervisory board of All for One Midmarket AG currently consists of three members. The two largest shareholder groups of All for One Midmarket AG, CROSS Informatik GmbH and BEKO HOLDING AG, are each represented with one seat on the All for One Midmarket AG supervisory board. The responsibilities und obligations of the supervisory board are regulated in the »Aktiengesetz«, the company articles of association and in the supervisory board's standing rules.

## Management Board

As the governing body of a stock corporation, the management board directs the business and, in accordance with the provisions of stock corporation law, is bound to the interests and the business policies of the company. It keeps the supervisory board informed regularly, comprehensively and in a timely manner about all issues concerning business performance, the corporate strategy and potential risks. The responsibilities und obligations of the management board are as regulated in the »Aktiengesetz«, the company articles of association, the standing rules, and in the management board's schedule of responsibilities.

## The Work of the Management Board and Supervisory Board / Committees

The management and supervisory board work closely together in the interest of All for One Midmarket AG. The management board manages the company and directs its business. The supervisory board oversees the management board and is included directly in decisions of fundamental importance for the company. The management board and the supervisory board are in regular contact to exchange information, opinions and ideas. The management board keeps the supervisory board continually informed about business performance, corporate planning, the risk situation and the implementation of the strategy. The management board determines the strategic direction of the company in concurrence with the supervisory board.

The chairman of the supervisory board coordinates the work of the supervisory board and chairs its meetings. The company's three-person supervisory board does not exercise its option of forming committees.The management board customarily attends the meetings of the supervisory board, reports orally and in writing about the individual agenda items and drafts resolutions, and answers the supervisory board members' questions.

In accordance with § 6 of the All for One Midmarket AG articles of association, the supervisory board appoints the members of the management board. The supervisory board decides how many members the management board will have (at least two according to the company articles of association) and selects one of the members to be the chairman of the management board. The supervisory board establishes the standing rules and a schedule of responsibilities for the management board. The standing rules include a catalogue of business dealings that require approval. The chairman of the supervisory board decides if the members of the management board should take part in the supervisory board meetings. And finally, the supervisory board establishes its own standing rules. The chairman of the supervisory board comments on the activities of the supervisory board every year in his report to the shareholders and during the annual general meeting.

The supervisory board respects diversity in the composition of the management board. In appointing the members, the supervisory board evaluates the relevant personal and professional qualifications of the candidates, such as knowledge of the industry, experience, technical expertise or internationality, and endeavours to provide appropriate consideration to women.

The supervisory board makes every effort to keep its focus on the interests of the company when nominating suitable candidates for election as members of the supervisory board. In doing so, the supervisory board respects diversity and strives to achieve an appropriate representation of women.

## Transparency

All for One Midmarket AG attaches great importance to an information policy that stresses the provision of information that is uniform, comprehensive and timely. This is why the company informs all interest groups about the company's situation and all significant business changes and developments on a regular and timely basis. The most important communication tools used for this purpose are the Internet and the company's website. Reporting also takes place in the annual report, within press and analyst conferences, roadshows and in the regular quarterly financial reports. Furthermore, information is also published in the form of press releases and ad hoc announcements. The company also complies with the disclosure requirements regarding such matters as voting rights announcements and publishing the total number of voting rights. All disclosures, announcements, presentations and reports are also permanently available on the company's website in the sections »Investor Relations« and »Press Center«. All for One Midmarket AG has also prepared, and continually maintains and updates, the insider list pursuant to § 15b »Wertpapierhandelsgesetz«. The individuals included in this list have been informed of their legal duties and the sanctions associated with access to inside information.

In line with the principle of fair disclosure, all shareholders and significant target groups are treated equally when it comes to the disclosure of information. For statutory reasons, the publicly listed BEKO HOLDING AG (up to 31 March 2011), CROSS Industries AG (up to 31 March 2011) and CROSS Informatik GmbH (from 1 April 2011) may receive some information in advance, if is required for preparing their group financial statements, interim reporting, business plans and budgets. The recipients of such information are required to treat this information as confidential and not disclose it.

## Compensation Report

The management board's compensation system is explained in the Group Management Report. The notes to the consolidated financial statements also provide detailed information about the compensation of the management board and the supervisory board divided into fixed and variable components and for each individual member. The structure of the compensation system is reviewed regularly.

## Stock Option Programmes and Similar Incentive Systems

There are currently no stock option programmes or similar incentive systems in place for the members of the supervisory board or the management board.

## Shares Held by Board Members

The members of the management board and the supervisory board hold shares in All for One Midmarket AG as shown in the following table:

| SHARES | 30.09.2011 | 30.09.2010 |
|---|---|---|
| **Supervisory Board** | | |
| Peter Brogle | 36,863 | 31,863 |
| Peter Fritsch | 24,000 | 24,000 |
| Josef Blazicek | 13,000 | 13,000 |
| | | |
| **Management Board** | | |
| Lars Landwehrkamp | 50,000 | 50,000 |
| Stefan Land | 32,735 | 32,735 |
| | **156,598** | **151,598** |

All changes in shareholdings held by the members of the management and supervisory board are disclosed in accordance with statutory regulations and also made permanently available to the public on the company's website.

## Accounting and Audit

All for One Midmarket AG prepares its consolidated financial statements in accordance with IFRS and the annual financial statements in accordance with the »Handelsgesetzbuch«. Once prepared by the management board, the consolidated financial statements and the annual financial statements are audited by the auditors, approved and finalised by the supervisory board, and then published within 90 days after the end of the financial year. No review of the interim reports is made by the auditors.

## Control Parameters and Control System

Sales revenues and operating earnings (EBIT) are the key financial figures used in managing the All for One Group. These control parameters are aligned to one another with an eye toward pursuing as sustainable and profitable a path to growth as possible.

As part of its overall responsibility for the Group, the management board is required in accordance with § 91, section 2 »Aktiengesetz« to establish a risk early warning system to identify existential risks as early as possible. This risk early warning system is an integral part of the planning, budgeting, control and reporting processes. A detailed description of the risk management system and the internal control system is included in the Risk Report section of the Group Management Report *(see also the Group Management Report sections 3.1. Risk Management System and 3.2. Internal Control System)*.

## The Share
## »A Big Stock for Little Money«

People at the stock market are again taking a very close look at how companies actually perform. »A big stock for little money« is what the investor magazine *Börse Online* had to say about All for One Midmarket AG, even though by the end of September 2011 the share price had more than quadrupled from its low in 2009.

The share price fell sharply in the wake of the financial and economic crisis. The lowest point was reached on 20 March 2009: EUR 1.50. In the meantime, however, the tide has turned. Prices climbed to EUR 3.05 on 30 September 2009, EUR 6.10 on 30 September 2010 and then reached EUR 7.40 a year later on 30 September 2011. Even a hard comparison to the TecDAX and DAX for the 2010/11 reporting year shows that All for One has again performed significantly better and clearly beaten both indices.

### Upward Trend is Well Substantiated

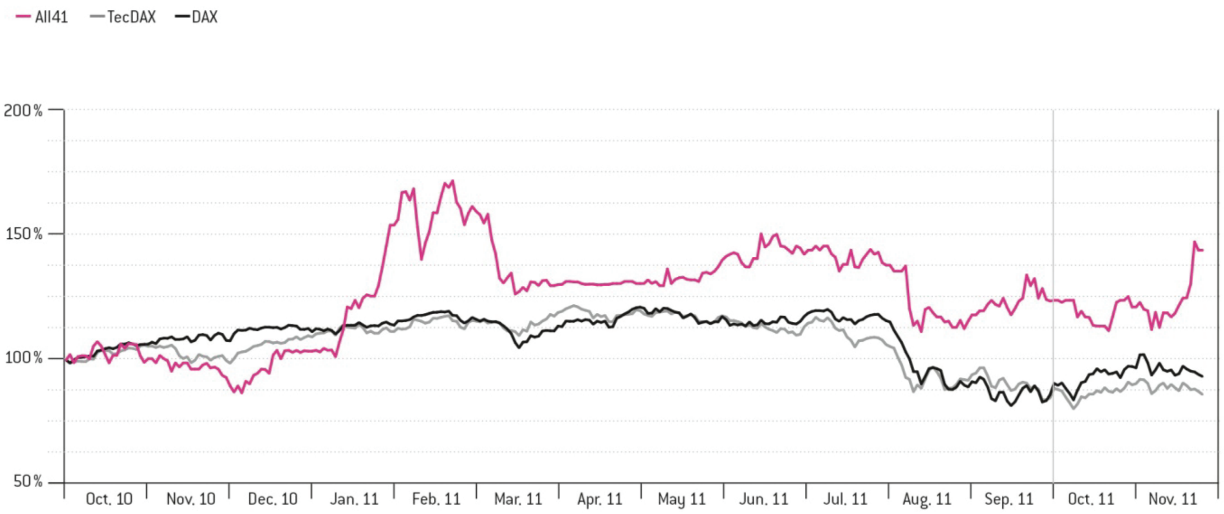
The business model is both credible and compelling. The strategy of being an SAP full-service provider is regularly reflected in the figures. Even in this third year following the realignment of 2007/08, what continues to be a sustained and positive business performance was accelerated even further. And yet, a good story like this does not come about by accident. Ongoing and credible day-to-day communications with shareholders, investors, analysts and the financial and business press, as well as during the annual general meeting or at events such as the German Equity Forum help shape the successful path that the company is on. The treasury shares that were repurchased in years past, most recently 10% of the share capital, were cancelled and the share capital decreased accordingly – all in the interests of the shareholders.

### On the Radar Screen

The big line continues moving steadily upwards. Interest on the part of the capital markets is growing as they turn their attention to All for One's stock. And the level of EUR 10 per share was broken for the first time in many years. However, the price remained virtually stagnant at EUR 7.80 from mid-March to mid-May 2011. The voluntary public takeover bid on the part of CROSS Informatik GmbH was made in accordance with the provisions of the »Wertpapiererwerbs- und Übernahmegesetz« and offered shareholders EUR 7.82 per share.

The robust business model of being an SAP full-service provider also delivers sustained improvements in results. By the end of September 2011 the share price had more than quadrupled from its low in 2009. The basic report published by BankM in late September 2010 issued the recommendation »buy« and established a fair value of EUR 9.75. This rating has since been updated eight times in the form of short reports. The stock continues to be rated as »favourably valued«. The acquisition of Steeb should provide additional potential for an appreciation in value.

Share Performance 2010 / 2011




| KEY FIGURES | |
|---|---|
| ISIN / WKN | DE0005110001 / 511 000 |
| Market Segment | Prime Standard |
| Stock Exchange Centre | Frankfurt Stock Exchange |
| Date of Listing | 30 November 1998 (AC-Service AG) |
| Indices | CDAX, Prime All Share, Technology All Share, DAXsector All Software, DAXsector Software, DAXsubsector All IT-Services, DAXsubsector IT-Services |
| Designated Sponsor | BankM |
| Highest Price Financial Year 2010/11* | EUR 10.26 (21 February 2011) |
| Lowest Price Financial Year 2010/11* | EUR 5.18 (3 December 2010) |
| Price at Start of Financial Year 2010/11* | EUR 5.97 (1 October 2010) |
| Price at End of Financial Year 2010/11* | EUR 7.40 (30 September 2011) |
| Market Capitalisation** | EUR 36.0 million |
| Earnings per Share in Financial Year 2010/11 | EUR 1.41 |
| Share Capital | EUR 14.58 million |
| Number of Shares | 4,860,000 registered shares |

| SHAREHOLDERS' STRUCTURE | |
|---|---|
| CROSS Informatik GmbH | ca. 65% |
| BEKO HOLDING AG | ca. 11% |
| Management and Supervisory Board | ca. 3% |
| Freefloat | ca. 21% |

* share price at day-end (XETRA)

** with reference to share price at end of 30 September 2011 (XETRA) and 4,860,000 shares

# GROUP MANAGEMENT REPORT

All for One Midmarket AG

Financial Year from 1 October 2010 to 30 September 2011

*Unless otherwise indicated or apparent from context, the designations »All for One Midmarket AG«, »All for One«, »company«, and »Group« as used in this Group Management Report indicate the All for One Midmarket AG Group including its subsidiaries.*

# 1. The Business and General Conditions

All for One Midmarket AG's financial year 2010 11 began – deviating from the calendar year – on 1 October 2010 and ended on 30 September 2011. The prior year period covers the timeframe of 1 October 2009 to 30 September 2010.

## 1.1. The Financial Year 2010/11 at a Glance

**Key Figures:**

| in EUR millions | 10/2010 – 9/2011 | 10/2009 – 9/2010 | Δ* in % |
|---|---|---|---|
| Sales revenues | 90.2 | 78.8 | 14 |
| EBITDA | 7.8 | 6.0 | 29 |
| EBIT | 4.7 | 2.5 | 86 |
| *EBIT margin (in %)* | *5.2* | *3.2* | *63* |
| Employees (Ø number) | 454 | 423 | 7 |

* Deviations result from the calculation of values in KEUR

- Sales increased – on a strictly organic basis – by 14% to EUR 90.2 million
- EBIT improved by 86% from EUR 2.5 million to 4.7 million
- EBIT margin of 5% (prior year: 3%)
- Group earnings of EUR 7.3 million including discontinued operation
- Expectations exceeded
- 3-year comparison shows a steady upward trend

All for One Midmarket AG continued its steady upswing in the financial year 2010/11 following the company's extensive realignment in 2007/08 to become an SAP full-service provider. The original forecasts for the financial year 2010/11 of mid-single-digit growth in sales revenues over that of the prior year (sales revenues 2009/10: EUR 78.8 million) and an EBIT of EUR 3.4 million were clearly surpassed. The forecasts for the year as a whole were also exceeded, even though these had been upwardly adjusted in June 2011 in response to strong business performance to project a revenue growth of approximately 10% and an EBIT target that was raised from EUR 3.4 million to 4.0 million.

Even during the grave financial and economic crisis of 2008/09, the »SAP full-service provider« business model built on the three pillars of software licenses, consulting and outsourcing services not only proved to be highly robust, but also generated growth in sales revenues and earnings in contrast to the otherwise declining overall market trend. All for One again made significant gains a year later in 2009/10, which were boosted in part by what was a surprisingly rapid and strong economic recovery. Operating earnings (EBIT) have increased continuously since the turnaround in early 2009.

This strong business performance continued again in the financial year 2010/11 for the third year in a row following the extensive realignment of 2007/08. The integrated business model's three pillars reinforce and complement one another. Once again, many important projects for both new and existing customers were acquired thanks to the company's clear profile as a full-service provider for the German-language SAP midmarket segment and its concerted industry-focused sales orientation. Gains were achieved in each of the areas software licenses, consulting, and outsourcing services and even exceeded the forecasts that were raised in the course of the financial year 2010/11. And the EBIT margin improved more rapidly than expected from 3% (2009/10) to 5% (2010/11).

On 20 December 2010 All for One Midmarket AG decided to cancel the 540,000 shares of treasury stock – 10% of the share capital – which it had previously bought back, and to reduce the share capital from EUR 16.2 million to 14.58 million. The share capital is now divided into 4,860,000 shares (prior year: 5,400,000 shares).

CROSS Informatik GmbH, Wels/Austria, which belongs to CROSS Industries AG, Wels/Austria, has been the principal shareholder of All for One Midmarket AG since 12 March 2011 following a split-off of shares previously held by BEKO HOLDING AG, Nöhagen/Austria. This is the reason why CROSS Informatik GmbH made a voluntary public takeover bid pursuant to the »Wertpapiererwerbs- und Übernahmegesetz« to all the shareholders of All for One Midmarket AG on 17 March 2011. The offer price of EUR 7.82 per share was just the minimum prescribed by law and included no additional premium. For that reason the management and supervisory board recommended in their joint statement that the offer not be accepted. A total of 163,512 shares, or 3.36% of the company's share capital, were tendered for sale to the bidder, which thus expanded its share of All for One Midmarket AG to approximately 65%. Greater potential for growth and value enhancement will be realised by being a part of the CROSS Group, and All for One's already good visibility in this industry segment will be improved even further.

CROSS and BEKO – BEKO HOLDING AG still holds approximately 11% of the voting rights in All for One – form the bulk of All for One's shareholder structure and represent two strong groups of shareholders that have been dedicated and committed to the company for many years.

## 1.2. Business Activities and Group Structure

All for One Midmarket AG is an industry-focused, IT full-service provider for SAP that operates primarily in Germany, Austria and Switzerland and is one of the leading SAP partners in the midmarket segment. Its range of products and services includes end-to-end solutions across the entire IT value chain – from SAP industry solutions for small to mid-sized businesses all the way to outsourcing and application management. The high level of technological SAP expertise, substantial experience in integrating SAP into existing or new IT landscapes, in-depth process skills and knowledge in the core industries machinery and equipment manufacturing, automotive suppliers and project services and the self-developed SAP industry solutions and outsourcing service solutions form the core of this extensive range of solutions and services.

All for One Midmarket AG is efficiently organised and comprises the two business divisions Integrated Solutions and Human Resource Solutions (HR Solutions).

**Integrated Solutions Business Division**

The Integrated Solutions segment encompasses a full range of products and solutions designed to provide end-to-end customer support that starts with management consulting and extends from software licenses, industry solutions, implementation and optimisation projects, all the way to software maintenance, outsourcing and managed services and covers the entire range of enterprise processes. The Group companies allocated to the segment are located in Germany, Austria, Switzerland, Belgium and Luxemburg. Customers outside these countries are served primarily by the global partner alliance United VARs (»Value Added Resellers«).

**HR Solutions Business Division**

The heart of the HR Solutions segment is the human resources software platform SAP ERP HCM (»Enterprise Resource Planning, Human Capital Management«), which serves as the basis for providing comprehensive implementation, consulting and support services all the way to recurring HR outsourcing and HR business process outsourcing services In addition to the more traditional administrative HCM offerings, the portfolio of products and services is increasingly being determined by strategic human resource initiatives such as employee portals (»employee self service«), candidate management (»eRecruiting«), and manager and executive assessments (»management appraisal«). Besides Germany, which is the primary market with five locations nationwide, this business division is active mainly in Austria, along with France and the Czech Republic.

The companies in both business divisions work together on specific projects that span both operating segments. Part of this involves operating a joint HR performance center, where customers can use SAP ERP HCM as a full service that includes application management (HR Solutions segment) from within the data center (Integrated Solutions segment).

## 1.3. Market Trends

**Overall Economic Development**
The economic recovery in Germany was much stronger than expected in 2010. Gross domestic product increased 3.6% over that of the prior year *(Source: Federal Ministry of Economics and Technology, February 2011)*. The global economic recovery was the primary driver behind this strong upturn. The order books in the manufacturing sector kept filling up steadily month after month. The VDMA German Engineering Federation measured a 43% gain in orders within the machinery and equipment manufacturing sector compared to the prior year (*Source: Handelsblatt, 12 January 2011*). Things also improved for the automotive and project services industries in 2010. Production among German car manufacturers alone rose domestically by 13%, and abroad by 27%, over that of the prior year *(Source: German Association of the Automotive Industry (VDA), 2011).*

This sizeable growth only began slowing down as the 2011 year progressed. Whereas in the first quarter of 2011 the gross domestic product posted a gain of 1.3% over the previous quarter, the economic upturn continued at a much slower pace during the period from April to June 2011 in which the rise in gross domestic product was a mere 0.1% compared to the previous quarter (*Source*: *Federal Ministry of Economics and Technology*, *September 2011).* Sharply rising commodities prices, the devastating natural disaster in Japan, and, perhaps more importantly, the scale of the debt crises in some key economies along with major downturns on the stock markets – the DAX lost nearly 30% from late July to mid-September 2011 – are weighing heavily on business sentiment *(Source: finanznachrichten.de, 13 September 2011)*. The Ifo economics institute's index of German business sentiment fell rather sharply by 4.2 points to 108.7 points in August 2011, marking the sixth time it has dropped since February 2011 *(Source: dpa, Handelsblatt, 1 September 2011)*. And so it appears that the remarkable boom phase of 2010/11 has come to an end. Nevertheless, machinery and equipment manufacturers, the automotive supplier industry and project service providers intend to continue pursuing their growth strategies, although at a much more modest pace.

The overall positive developments in the economy have been a source of added momentum in the 2010/11 reporting year and have favourably enhanced the course of All for One Midmarket AG's business.

**IT Market Developments**
The primary drivers for investing in advanced enterprise software solutions and related IT services are still intact. In particular, these include the growing internationalisation and globalisation of the procurement and sales markets and those innovations that customers need to optimise costs, quality and processes. The outstanding investment security which comes with the world's leading enterprise resource planning (ERP) solution is just one of many good reasons for using SAP-based enterprise software solutions. Also unchanged is the trend towards end-to-end IT solutions and services from a single

source. Customers are also still more prepared to outsource their IT infrastructure to outside service providers like All for One. For market observers such as techconsult, the overall German IT market is expected to advance by 4.1% in 2011 (*Source: techconsult, 1 July 2011*). Analysts are even projecting 4.3% growth for the outsourcing sector in particular (*Source: German Association for Information Technology, Telecommunications and New Media (BITKOM), 26 May 2011).*

## 1.4. Strategy and Positioning

All for One Midmarket AG has set itself the goal of comprehensively serving and supporting small to mid-sized SAP customers using an efficient, one-stop-shop concept. Here the company focuses its efforts on selected industries in the midmarket sector in countries where German is spoken, on worldwide customer service using its own partner network and on its partnership with the world's leading maker of ERP systems (SAP).

**The Midmarket**

As an IT full-service provider, All for One concentrates on serving small to mid-sized businesses. The entire range of services and solutions is carefully designed to respond to the needs and unique characteristics of this group of customers, which differ so much from major corporations in terms of such issues as the amount and kind of advice, assistance and implementation work they need or want. For this reason, the midmarket sector requires consultants who have a very broad and multi-disciplined process competence. It is only with a clear focus like this that All for One can deliver the kind of high-quality and efficient service that produces added value for the customer.

**Industry-Focused Products and Services**

One major pillar of All for One's integrated business model is formed by its proprietary and certified All-in-One solutions. These are carefully pre-configured to the typical business processes of specific branches of industry, are very economical to implement and can be run either within the All for One data centers or at the customer's facilities. Within the All for One Group these are the industry solutions for the machinery and equipment manufacturers (All for Machine), the automotive supplier industry (All for Automotive) and for project services companies (All for Service). All for One developed other industry solutions for those sub-industries (micro verticals) prevalent among companies that supply car manufacturers, such as the plastics processing industry (All for Plastics), the metalworking industry (All for Metal), the electronic components industry (All for Electric) and foundries (All for Foundry). An industry-specific platform called KWP.All-in-One.HR that is tailored to the wide-ranging demands of human resource management is also being developed. In addition to all this, numerous self-developed add-on applications are being offered to meet the business management and organisational challenges faced by the target industries. These not only enhance user friendliness, but also contain basic functions such as electronic data interchange (EDI), enterprise data analysis (business intelligence) and many others that are tailored to specific industry needs.

**Sales Organisation and Worldwide Service and Support**

All for One uses its own sales and consulting resources to serve its customers in Germany, Austria and Switzerland. Besides direct sales, these also include an expanded indirect sales channel called the »All for One Business Partner Programme«. All for One founded the United VARs partner network back in 2006 to provide worldwide support to its small to mid-sized customers. The leading SAP partners in their respective countries have since joined this alliance – organised similarly to Lufthansa's Star Alliance – and offer internationally operating customers in 57 countries across the world a wide range of professional on-site services and support based on uniform quality standards and recognised project methods.

All for One established the limited liability partnership United VARs LLP together with 21 other partners in November 2011. This gives the alliance, which had its beginnings in 2006 as a partner network, a powerful marketing, sales and co-ordination platform that will not only promote the globally co-ordinated service and support provided to established clients, but also the acquisition of new international client projects. All for One will hold the chairmanship of United VARs LLP's 3-member board of directors. This allows All for One to create a tremendous degree of efficiency to benefit its clients on a global scale.

**Partnership with SAP and the SAP Ecosystem**

The highly valued partnership with SAP is the hub of All for One Midmarket AG's daily business. SAP software and related services form the core of the company's portfolio of products and services. SAP AG underscores the important role that All for One Midmarket AG plays within the SAP midmarket segment by having presented it with numerous awards and granting it the highest partner status. All for One belongs to that small group of partners that have qualified not only as a Gold Partner, but as a Hosting Partner and Special Expertise Partner for various specialised fields as well. This close and integrated relationship with SAP enables All for One to ensure that its customers benefit from the utmost in planning reliability, efficiency and cost effectiveness. As a permanent member of the SAP Partner Executive Council, the European board within the SAP organisation that handles partner issues, All for One Midmarket AG was able to further reinforce its role as a recognised and leading figure within the SAP ecosystem – in addition to its foremost position within the German-language SAP midmarket segment.

## 1.5. Research and Development

All for One Midmarket AG conducts no research and development activities as such, and owns no patents.

## 1.6. A Look at Business Performance

The machinery and equipment manufacturing, automotive, and project services industries entered a strong growth phase in 2010/11, which only weakened – although to date only slightly – as the financial market crisis grew in magnitude. All for One's business, which builds on the company's strong and recognised market position as an SAP full-service provider for the midmarket in precisely these industry segments, benefited from this positive market development as well.

**Overall Statement about Business Performance**

The three pillars of the »SAP full-service provider« business model, namely software licenses, consulting and outsourcing services, reinforce and complement one another. Strong and strictly organic gains in projects for new and existing customers were posted in all these areas, which even surpassed the high levels of the prior year. This very good revenue performance also led to significant – and more rapid than expected – progress on the earnings side.

**Further Expanded Customer Base**

Even beyond the national borders, sophisticated IT landscapes are safe and secure within All for One's high-end data centers. Not only did **Belimed AG** in the Swiss city of Zug award All for One Midmarket AG the contract to implement the SAP industry solution All for Machine in 11 countries, this specialist provider of medical technologies also turned over the outsourcing operation for its groupwide SAP system environment to All for One. By making an investment in a new enterprise solution, **Gerd Bär GmbH**, Heilbronn, has assured itself the kind of business processes that are preconfigured, and thus rapidly and economically implementable, and which only a certified industry solution like All for Machine can deliver. All for One consultants are also working at this manufacturer of cargolifting equipment to implement a communications network of business information and design data, which is of tremendous value throughout all phases of a product lifecycle (»PLM«, Product Lifecycle Management). The applications and systems for Gerd Bär GmbH are also being operated out of the All for One data centers.

Many social enterprises produce for car manufacturers and need integrated software solutions such as All for Automotive, which were created especially for the supplier industry. This is why the **Gemeinnützige Werkstätten und Wohnstätten GmbH Sindelfingen**, Gärtringen, contracted with All for One for the implementation of All for Automotive, a solution that eliminated the many maintenance-intensive interfaces at this non-profit workshop and housing organisation. What's more, the use of All for EDI, an SAP add-on application developed by All for One, ensures improved communications with important customers. IT operations from within the All for One data centers already provided a clear consolidation of resources during the implementation phase. The **AZO Group** in Osterburken is also making the best use of its time and money thanks to new enterprise software in conjunction with add-on solutions from All for One. It used to take an enormous amount of effort to properly allocate all the accompanying documentation to the production orders, but now these are created automatically together with the main document in one operation, and then forwarded electronically and filed in digital form for future reference and access.

Project service providers such as **IVU Traffic Technologies AG**, Berlin, or **hofer powertrain GmbH**, Oberboihingen, need an SAP industry solution like All for Service in order to systematically manage projects and identify opportunities and risks as early as possible. In addition to providing a comprehensive summary of the overall situation in terms of capacity, All for Service also facilitates the matching of required and available skills and resources so as to increase capacity utilisation. This also helps reduce consultant travel costs.

Services companies continue to be the fastest ones to hop aboard the »on-demand train« of SAP Business ByDesign. This explains why the two software consulting companies **IMMOLOGIS GmbH**, Kassel, and **GiS – Gesellschaft für integrierte Systemplanung mbH**, Erlangen, tasked All for One with the provision and implementation of cloud software. Besides using SAP Business ByDesign for their own enterprise processes, these two companies also provide this on-demand software to their own customers and work closely with All for One in their capacity as All for One Business Partners.

Before any technical standards and inspection organisation (known by the acronym »TÜV«) entrusts its enterprise processes to an IT solution, you can be sure that it will subject the application to a particularly careful examination. And so it was with **TÜV AUSTRIA HOLDING AG**, Vienna/Austria. »Integrated financial and human resources management including business data analysis« was the benchmark that was set for the first steps in the project after the company completed its rigorous inspection of the recommended solution. Soon more than 800 users in the company's headquarters and 23 subsidiaries will be using their new SAP application from All for One.

Demanding client relationships that extend over many months and are handled by specialised legal teams are the daily business of the law offices of **Wenger & Vieli AG**, Zürich/Switzerland. The SAP industry solution ProServ from All for One's subsidiary Process Partner AG, St. Gallen/Switzerland, ensures that they always have an accurate and current summary of the services that have been rendered and the ones that are still pending. **AXA Real Estate**, Zürich/Switzerland, a wholly owned subsidiary of AXA Investment Managers, is one of the largest real estate and asset managers in Europe. As part of a pilot project in Switzerland, Process Partner AG successfully implemented the SAP accounting and controlling modules which also included the integration of third-party systems.

It only took the consultants from Process Partner AG four months to put their SAP industry solution ProServ into productive operation for more than 130 employees at **redtoo AG** in Reinach/Switzerland. With ProServ, this IT full-service provider can now manage the entire value flow from recording and tracking its activities, to controlling, and all the way to invoicing.

In addition to many new client projects, the All for One Group also generated more business with its existing customers. For more than 10 years Process Partner AG has been the preferred consulting and solutions partner for **Abraxas Informatik AG** that is headquartered in St. Gallen/Switzerland. This special relationship is due mainly to the high level of process expertise in the services industry that sets Process Partner AG's consultants apart from their peers. Numerous projects were successfully completed during the reporting period.

Consultants from the All for One subsidiary KWP Kümmel, Wiedmann + Partner Unternehmensberatung GmbH (hereafter called KWP), Heilbronn, introduced new personnel assessment processes at the staffing and HR services company **Randstad Deutschland GmbH & Co. KG**, Munich. Performance objective agreements, skills assessments, advancement plans, evaluations for vocational trainees and students, the preparation of letters of reference, and the »management appraisal« feature are now available through a portal on a self-service basis. In the meantime, this new solution is also being used by the entire Randstad Germany Group. Over the past few years, KWP completed the incremental shift to SAP ERP Human Capital Management and has already implemented personnel administration, organisational management, personnel cost planning and event management at the electronics company **Zollner Elektronik AG**, Zandt. The personnel development application followed in 2010/11. The system environment is operated from within the All for One data centers.

## 2. Earnings, Assets and Financial Situation

Sales revenues and operating earnings (EBIT) are used as the key financial indicators for managing All for One Midmarket AG. These indicators are aligned with an eye toward pursuing as sustainable an approach to profitable growth as possible.

In addition to financial indicators, non-financial indicators are increasingly used to manage the company. The addition of new partners helped consolidate the already broad geographic coverage of client markets, which the United VARs alliance provides to countries where German is not spoken, at last year's level of more than 56 countries. This coverage includes all of the world's major industrial centers of All for One's target business sectors. Extensive preparations were also made to give the United VARs alliance a management company that will be funded by all the partners. The amount of per-employee expenditures for training and professional development during the reporting year was almost the same as the high level of the prior year.

According to the results of the TOP CONSULTANT 2011 benchmark survey that was published in September 2011, All for One Midmarket AG ranks among the »Best IT Consultants for the German Midmarket«. This ranking is based primarily on interviews with customers that measured their level of »satisfaction« and the degree of »professionalism« that they felt the consultants demonstrated in the course of providing their advisory services.

## 2.1. Financial Management Principles and Objectives

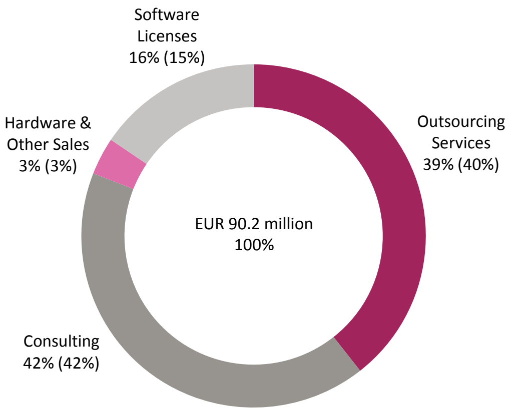
Financial management at All for One primarily stands for liquidity management, capital structure management and the management of currencies and interest rates. Another key focus of financial management is the monitoring of and compliance with the terms and conditions of loan agreements used to fund the company. The Risk Report (section 3) provides more details about financial and liquidity risks.

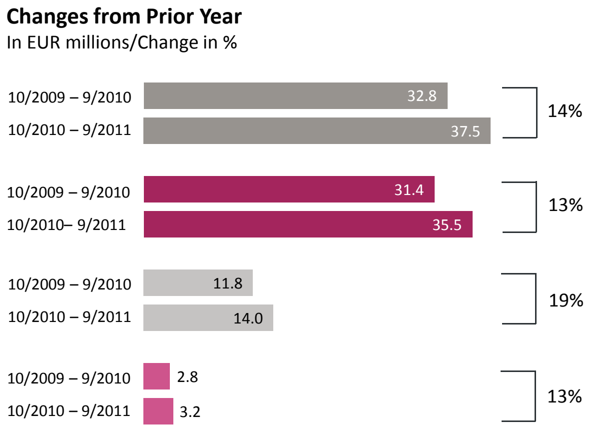
## 2.2. Sales Performance

The increase in All for One Midmarket AG's sales revenues was larger than the trend that was projected for the IT market as a whole and even exceeded the company's own expectations. During the reporting period this SAP full-service provider generated sales of EUR 90.2 million, an increase of 14% over 2009/10 (EUR 78.8 million).

**Sales by Type of Proceeds**

The following charts illustrate the breakdown of sales revenues:



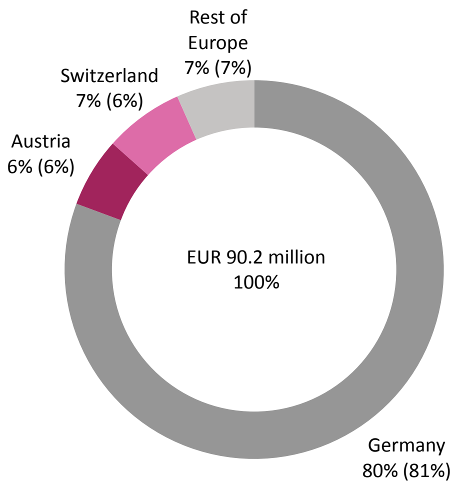




The increase in the volume of projects for new and existing customers was greater than planned. The prior year's already high figure of EUR 11.8 million (2009/10) in revenues from software licenses was exceeded yet again, this time by 19% to EUR 14.0 million (2010/11). Consulting revenues also improved 14% from EUR 32.8 million to 37.5 million. Besides a very direct sales orientation, it was the company's consistent industry focus that contributed most to this remarkable achievement.

The amount of recurring revenues from outsourcing services (including software maintenance) increased during the reporting period by 13% to EUR 35.5 million (2009/10: EUR 31.4 million). This means that these services now account for 39% of sales revenues (2009/10: 40%). This steady upward trend has been continuing unabated quarter for quarter for several years. The major investments made in new mirrored high-end data centers in 2008, and most importantly the broadened range of managed services made possible by them, contributed significantly to this ongoing positive development.

**Sales by Country**

The following chart illustrates the breakdown of sales revenues by country (based on domicile of servicer provider):




EUR 72.7 million (share of sales: 80%) of the sales revenues in the reporting period were attributable to Germany – a gain of 14% over the EUR 63.5 million in the prior year (share of sales 2009/10: 81%). Sales revenues in Austria increased 7% to EUR 5.4 million, while sales revenues in Switzerland improved 26% from EUR 4.8 million (2009/10) to EUR 6.1 million. Sales revenues from the rest of Europe posted a plus of 10% to EUR 6.0 million.

## 2.3. Earnings Situation

The following table provides a comparison of changes in earnings performance **(not including the discontinued operation)**:

| in EUR millions* | 10/2010 – 9/2011 | 10/2009 – 9/2010 | Δ in % |
|---|---|---|---|
| **Sales revenues** | **90.2** | **78.8** | **14** |
| Cost of traded goods and third party services | -29.4 | -25.8 | 14 |
| Personnel expenses | -39.2 | -35.4 | 11 |
| Depreciation and amortisation | -3.1 | -3.5 | -13 |
| Other operating expenses/income | -13.8 | -11.5 | 20 |
| **EBIT** | **4.7** | **2.5** | **86** |
| Financial result | 0.3 | 0.3 | 2 |
| **EBT** | **5.0** | **2.8** | **79** |
| Income tax | 0.2 | -0.8 | n/a |
| **Earnings after tax** | **5.2** | **2.0** | **156** |

* Information in EUR millions can lead to rounding differences

**EBITDA Improves 29% to EUR 7.8 Million / EBIT Margin Increases from 3% to 5%**

Although personnel expenses increased 11% to EUR 39.2 million (2009/10: EUR 35.4 million) as the workforce continued to expand, these expenses as a share of sales revenues declined from 45% (2009/10) to 43% (2010/11) due to the major expansion of business. At 33%, the ratio of the cost of traded goods to sales revenues was the same as the prior year. The rise in other operating expenses from EUR 12.9 million (2009/10) to EUR 14.7 million (2010/11) is also a result of this expansion of business. This figure also includes expenses in the amount of EUR 0.3 million that have already arisen in connection with the intended acquisition of the shareholdings in Steeb Anwendungssysteme GmbH (hereafter also called Steeb). The ratio of other operating expenses to sales revenues remained at 16%. The amount of depreciation and amortisation decreased by EUR 0.4 million to 3.1 million.

Profitability rose much higher than planned thanks to better-than-expected licensing revenues during this past financial year and what continues to be a policy of strict cost management. The EBITDA increased during the reporting period to EUR 7.8 million (2009/10: EUR 6.0 million). The corresponding EBIT improved to EUR 4.7 million (2009/10: EUR 2.5 million) and reflects an EBIT margin of 5% (2009/10: 3%). The financial result remained unchanged at EUR 0.3 million, which enabled the company to post an EBT of EUR 5.0 million (2009/10: EUR 2.8 million). Deferred tax assets were increased by EUR 1.0 million due to higher future earnings expectations, which in all probability will involve the use of existing tax losses brought forward. The tax result was plus EUR 0.2 million (prior year: minus EUR 0.8 million).

The agreement concluded in 2009 on the sale of the equity holdings in AC-Service (Schweiz) AG, Wettingen/Switzerland, also contains variable earnout components, which led to a contribution to earnings of EUR 2.1 million in the current reporting year and which is reported under »discontinued operation«. The total earnings after tax thereby increased from EUR 2.0 million (2009/10) to EUR 7.3 million (2010/11).

Group earnings per share during the reporting period were EUR 1.41 (2009/10: EUR 0.38) and were determined on the basis of an average 4,860,000 shares outstanding (2009/10: 5,077,703 shares).

## 2.4. Performance by Business Division

All for One Midmarket AG's segment reporting comprises the Integrated Solutions and the HR Solutions business divisions. The Group costs are allocated proportionately to both segments.

**Integrated Solutions Business Division**
This segment posted gains in outsourcing, license and consulting revenues. Segment sales increased in the reporting period by 14% to EUR 75.4 million (2009/10: EUR 66.0 million). The rise in business volume, better utilisation of the consultants, continued improvements in revenue quality and processes, and the efficiency improvements resulting from these, led to an impressive increase in operating earnings. The segment posted an EBIT of EUR 4.3 million (2009/10: EUR 2.7 million). The EBIT margin to segment sales was 6% (2009/10: 4%).

Segment assets less segment liabilities as at 30 September 2011 totalled EUR 34.9 million (30 September 2010: EUR 29.8 million) – an increase of 17%. The number of employees as at 30 September 2011 was 348 (30 September 2010: 311), and the corresponding personnel capactiy was 319 full-time equivalents (30 September 2009: 291).

**HR Solutions Business Division**
The restraint in awarding HR consulting orders that impaired the performance in the HR Solutions business division in 2009/10 finally dissipated over the course of the current reporting period. As a result the overall sales in this segment posted a plus of 15% to EUR 15.7 million over the prior year (2009/10: EUR 13.6 million). The EBIT for the segment was plus EUR 0.4 million (2009/10: minus EUR 0.1 million) and the corresponding EBIT margin to segment sales for the HR segment improved to plus 3% (2009/10: minus 1%).

The HR Solutions segment mainly generates consulting revenues. Long-term support agreements (»HR Business Process Outsourcing«) are one of the ways that expanded the recurring portion of these revenues. Personnel management initiatives such as eRecruiting, performance management, human resources controlling, electronic personnel files and eHR portal applications are proving to be further growth drivers.

Segment assets less segment liabilities as at 30 September 2011 totalled EUR 3.3 million (30 September 2010: EUR 2.6 million) – an increase of 28%. The segment's number of employess increased from 113 (30 September 2010) to 129 (30 September 2011) The personnel capacity increased from 103 full-time equivalents (30 September 2010) to 116 full-time equivalents (30 September 2011).

## 2.5. Assets and Financial Situation

### Key Asset and Financial Indicators:

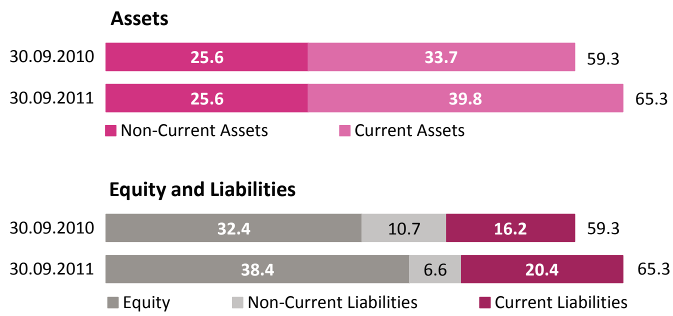
| | Unit | 30.09.2011 | 30.09.2010 | Δ in % * |
|---|---|---|---|---|
| Equity to assets | % | 212 | 170 | 25 |
| Days of sales outstanding | days | 62 | 57 | 9 |
| Cash resources ** | EUR million | 17.9 | 17.2 | 4 |
| Net cash | EUR million | 12.6 | 9.8 | 29 |
| Equity ratio | % | 59 | 55 | 7 |
| Return on equity | % | 20.5 | 6.3 | 225 |
| Return on total capital | % | 11.6 | 3.3 | 254 |

* Deviations result from the calculation of values in KEUR
** Cash and cash equivalents less funds not disposable

**Group Balance Sheet**

Total assets increased by 10% from EUR 59.3 million (30 September 2010) to EUR 65.3 million (30 September 2011). The following bar chart shows the most important changes:

**Balance Sheet Structure**
in EUR millions




Overall, the non-current assets of EUR 25.6 million (30 September 2011) remained at the same level as last year. The balance sheet item »other intangible assets« declined from EUR 8.9 million (30 September 2010) to EUR 8.1 million (30 September 2011) as a result of regular depreciation. The amount of tangible fixed assets, which declined slightly from EUR 5.2 million (30 September 2010) to EUR 5.0 million (30 September 2011), include greater client-related investments stemming from growth within the outsourcing sector. The equity to assets ratio was 212% (30 September 2010: 170%). In light of the good business prospects, the expectations for future taxable income were also raised, which is why deferred tax assets increased by EUR 0.9 million to 3.9 million (30 September 2011).

Current assets – including the discontinued operation – totalled EUR 39.8 million (30 September 2010: EUR 33.7 million). Trade accounts receivable improved from EUR 12.5 million (30 September 2010) to EUR 15.5 million (30 September 2011) as a result of the significant expansion of business and strong sales of software licenses at the close of the financial year. Due to an intensive programme of receivables management, the rise in DSO (days of sales outstanding) managed to be limited from 57 days to 62 days. Cash and cash equivalents increased during the reporting period from EUR 17.3 million (30 September 2010) to EUR 18.0 million (30 September 2011).

The increase in total assets from EUR 59.3 million (30 September 2010) to EUR 65.3 million (30 September 2011) is also attributable to other assets from the discontinued operation in the amount of EUR 2.1 million. The agreement concluded in 2009 on the sale of the equity holdings in AC-Service (Schweiz) AG, Wettingen/Switzerland, also contains variable earnout components which were recognised for the first time in the current reporting year.

Equity increased overall from EUR 32.4 million (30 September 2010) to EUR 38.4 million (30 September 2011) and the equity ratio increased accordingly from 55% to 59%. The issued share capital as at the end of the reporting period declined to EUR 14,580,000 from EUR 16,200,000 (30 September 2010) following the decision made on 20 December 2010 to cancel 540,000 shares of treasury stock – 10% of the previous share capital – and the related (simple) reduction in share capital. The »retained earnings« equity position was also adjusted accordingly. That portion of the share capital attributable to the cancelled shares – an amount of EUR 1.62 million – was added to the capital reserve.

Total liabilities increased slightly from EUR 26.9 million (30 September 2010) to EUR 27.0 million (30 September 2011). Financial liabilities declined from a total of EUR 7.5 million (30 September 2010) to EUR 5.4 million (30 September 2011) while the bank loans included in that figure were reduced by an amount of EUR 1.7 million to 3.7 million (30 September 2011). The increase in the balance sheet item »other liabilities« to EUR 11.6 million (30 September 2010: EUR 9.1 million) is attributable in part to increased personnel obligations (holiday, bonuses).

Net liquidity as at 30 September 2011 was EUR 12.6 million (30 September 2010: EUR 9.8 million). The return on equity improved from 6% to 21% and the return on total capital from 3% to 12% during the reporting period.

The Group had a robust balance sheet with an very strong financial position as at 30 September 2011.

**Cash Flow and Investments**

The cash flow from operating activities increased to EUR 6.1 million from 3.7 million in the prior-year period. This is due primarily to the significant increase in the level of earnings.

Cash flows from investing activities increased to EUR 1.6 million (2009/10: EUR 0.8 million). Capital expenditures for tangible fixed assets in the reporting period were made largely in response to customer growth in the field of outsourcing ser decision vices (hardware and software in the data centers). This resulted in a free cash flow (operating cash flow less cash flow from investing activities) of EUR 4.5 million in the reporting period (2009/10: EUR 3.0 million).

Despite a dividend distribution in the amount of EUR 1.5 million, the cash flow from financing activities progressed from minus EUR 4.7 million (2009/10) to minus EUR 4.0 million. Principal payments in the amount of EUR 1.7 million (2009/10: EUR 3.8 million) were made during the reporting period in order to accelerate the repayment of existing bank loans. Cash flows of EUR 1.9 million (2010/11: KEUR 480) from bank borrowings and long-term financial liabilities were also reported in the prior-year period. The amount of cash funds increased by EUR 0.8 million to 17.9 million during the reporting period.

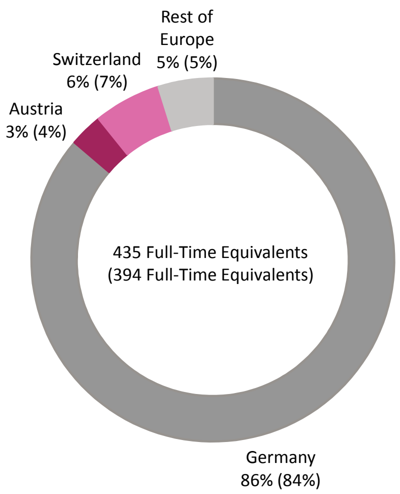
## 2.6. Employees

For an IT services company like All for One Midmarket AG, sustained business success is closely linked to highly qualified and motivated employees. A consistent and sustained programme of human-resource-related activities forms an essential pillar of our corporate culture that emphasises »The human face of IT«. Such activities are designed to maintain and pro decision mote our employees' commitment to performance with an eye towards outstanding service quality and customer satisfaction, as well as to further enhance the good image of All for One as the employer of choice.

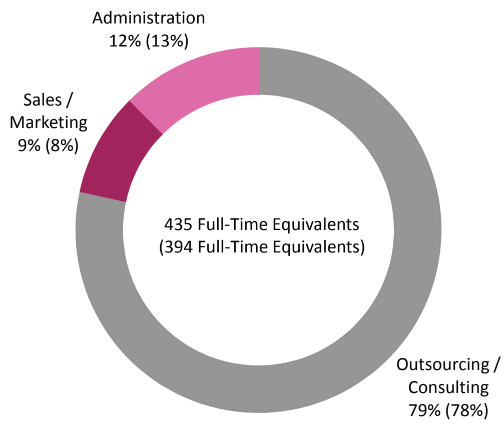
All for One managed to increase its staffing levels during the reporting period despite a tight labour market. The number of employees as at 30 September 2011 totalled 477 (30 September 2010: 424). The corresponding personnel capacity was 435 full-time equivalents (30 September 2010: 394 full-time equivalents). On average there were 454 people employed in the Group during the reporting period (2009/10: 423 employees). Of these 435 full-time equivalents as at 30 September 2011, a total of 375 were in Germany (30 September 2010: 332), 13 in Austria (30 September 2010: 15), 26 in Switzerland (30 September 2010: 28) and 21 full-time equivalents were in the other European countries (30 September 2010: 19).

The following charts show the percentaged distribution of the full-time equivalents as at 30 September 2011:

**Distribution of Full-Time Equivalents by Country**




**Distribution of Full-Time Equivalents by Field of Work**




Of the 435 full-time equivalents (30 September 2010: 394) 342 were employed in the areas of outsourcing services and consulting (30 September 2010: 309), 54 were in administration (30 September 2010: 52) and 39 were in sales and marketing (30 September 2010: 33) as at 30 September 2011.

Much was accomplished during the 2010/11 reporting period to act on the detailed information, insights and findings from the 2010 »Great Place to Work« survey. Continuously improving the work/life balance of the employees and expanding the company's health management programme were just two areas of major concentration. More was also invested in skills qualification. Specific training and professional-development courses can, for example, prepare employees to appropriately conduct themselves in difficult or challenging consulting situations, or help them improve their skills and abilities in presenting, discussing and managing sophisticated or complex client projects. Besides purely technical competence, these are the kinds of skills that make for successful projects, especially when working with small and mid-sized companies.

One year after being named a »Great Place to Work«, All for One took part in the TOP CONSULTANT benchmark survey for the first time. The results published in September 2011 show that our customers have long held a favourable opinion about the company's increased emphasis on training and developing its employees. This is reflected in the fact that All for One Midmarket AG was ranked among the »Best IT Consultants for the German Midmarket«. This ranking is based primarily on interviews with customers to measure their level of »satisfaction« and the degree of »professionalism« that they feel the consultants demonstrated in the course of providing their advisory services.

Although the visibility generated by the good results achieved in the »Great Place to Work« and »TOP CONSULTANT« surveys has had a constructive effect on the recruitment of new employees, the number of SAP consultants with experience in the midmarket sector that are available on the job market has fallen back to those acute pre-crisis levels, thus creating a situation that demands a tremendous amount of effort in the search for qualified people.

All for One is working even harder to improve its appeal as an employer of choice and retain its current employees. And so, for example, the career path models in the consulting and managed services fields were revised and enhanced in the financial year 2010/11 in order to offer the employees more career prospects and better opportunities for growth and advancement.

All for One is also actively involved in education and vocational training. All for One works together with the Ravensburg campus of the Baden-Wuerttemberg Cooperative University to provide practical training to students from its department of business informatics who are studying for their cooperative Bachelor of Science degree. We also advise and support students as they write their degree theses, design internships for high school and college students and employ temporary student hires.

Our salaries consist of performance-based variable components in addition to a fixed rate of compensation. The amount of these variable components depends on the scope of their job and position within the company.

The management board would like to thank all the employees for their tireless dedication and outstanding work.

## 3. Risk Report

All for One Midmarket AG is exposed to numerous risks as an internationally operating company. The goal of management's value-based and highly responsible leadership and governance is to systematically seize business opportunities, identify risks as early as possible and direct the company pro-actively. In order to achieve this, the company has an extensive risk management and internal control system in place, which was further developed and refined during the past financial year.

### 3.1. Risk Management System

As part of its overall responsibility for the Group, the management board is required in accordance with § 91, section 2 »Aktiengesetz« to establish a risk early warning system to identify existential risks as early as possible. This risk early warning system is an integral part of the planning, budgeting, control and reporting processes.

The risk manager is in charge of the risk management organisation. Operational risk management tasks are performed by a risk management team under the direction of the risk manager. Risk officers from the various areas and departments of the lead operating company form the core of this team. The subsidiaries also appoint risk officers. They continuously monitor the development of risks and the effectiveness of measures to limit risks within their respective areas or subsidiaries, and on the basis of this prepare a risk analysis and assessment and report regularly to the risk manager. The risk handbook prescribes a standardised method, documents the risk management processes, and provides tools for continuously recording and tracking the results. The risk management team periodically attends workshops under the direction of the risk manager. The findings and results of these workshops are incorporated into the quarterly risk report that the risk manager prepares and submits to management. Alongside this, individual risks are monitored on a decentralised basis within each of the departments, segments and subsidiaries by means of special analyses and additional assigned duties and responsibilities. The management board and the risk manager discuss the identified risks in detail, examine and update countermeasures and assess any residual risks.

This risk management system, which is fully integrated throughout the organisational and operational structure, not only provided the basis for risk early warning and control, but, as it improved and expanded, also further raised the level of risk awareness within the Group during the past financial year.

## 3.2. Internal Control System

The internal control system is an integral part of All for One Midmarket AG's business processes, comprises a number of monitoring and control mechanisms, and is based on the pillars of the »four-eye principle«, »separation of duties«, »integrated reporting« and »internal audits«. Here is where controlling plays a key role. The »four-eye principle« is operationally implemented and monitored within the Group with the help of structured and uniform policies, such as signatory guidelines, operational rules, organisational guidance and the like. Another effective control and security mechanism is the carefully crafted and tailored rights and authorisations concept that applies across the entire management organisation, and which precisely defines and limits the access and activities of individuals and groups of people to what are predominantly SAP-based applications and functional features. A strict and clear »separation of duties« relating to critical business processes enhances the security, reliability and quality of the workflow. Individual groups of people are also assigned horizontal duties, so that a system of mutual checks and balances is implemented across the various departments and areas of responsibility.

»Integrated reporting« includes a detailed planning, control and reporting system with numerous analyses and reports about the Group's situation, position and outlook. The planning process runs from the bottom up and on a monthly basis. In addition, regular forecasting is carried out for the individual companies and operating units, in order to further improve management controls, to recognise any discrepancies or deviations as early as possible and to be able to counteract them with appropriate measures. Management meetings and business reviews on various levels within the individual divisions and companies ensure that the existing Group information system remains functional and effective. At these meetings and reviews, opportunities, risks and developments are also discussed, tracked and evaluated, and documented in reports and minutes.

In addition, one or two Group companies undergo a separate »internal audit« each year which, among other things, examines their compliance with internal regulations and the quality of the internal control system. The audit manager reports the findings of these internal audits directly to the management and the supervisory board.

## 3.3. Individual Risks

**Risks Associated with the Development of the Economy**

The global financial and economic crisis in 2008/09 has adversely affected the business environment and development of the economy as a whole in an intensity that has never been experienced before The economic recovery over the course of 2009/10 was stronger and set in more quickly than anticipated. However, its peak appears to have been passed in 2010/11 indicating that perhaps the boom phase is over. The sharp rise in commodities prices, the ramifications of the natural disaster in Japan, the minimal progress made in efforts to contain the extreme public debt in certain major economies, and the ongoing euro crisis combined with dramatic slumps on the financial markets continue to dampen business and economic sentiment. The management board is closely following these developments in order to quickly initiate corrective actions as needed. Nevertheless, there remain significant risks associated with the economy as a whole. Other developments that are also beyond the control of All for One Midmarket AG, such as changes in tax legislation, could pose risks to future business performance, jeopardise the certainty required for planning purposes and endanger the attainment of revenue and earnings targets.

**Industry Risks: Pricing Pressures / Bad Debts / Insolvencies**

All for One Midmarket AG operates predominantly in markets where the competition is extremely intense. These markets are distinguished by rapid advances in technology, which naturally generate their own risks. Tremendous competitive pressures could well result in greater-than-expected strains on prices and margins. Additional risks arise from our focus on the machinery and equipment manufacturer, automotive supplier and project service industries. The systems and procedures for the early recognition of the risk of customer insolvencies, which have been expanded and refined now for over four years – combined with a vigorous programme of receivables management – haven proven to be reliably effective. Insurance and provisions for doubtful accounts are also used to offset the risk posed by bad debts. We continue to work hard and with sustained success as we expand our high-quality services and more thoroughly integrate the entire range of products and support to further increase the amount of recurring revenues generated from long-term customer contracts. Customer benefits and value were improved, which in turn helped cushion the impact on margins caused by severe pricing pressures. However, the risk of cost overruns or losses from bad debts at the expense of earnings can still not be completely eliminated.

**Risks Associated with the Service Portfolio / Dependence on SAP**

Due to the strategy of being a full-service provider of enterprise software solutions solely from SAP, there is a high level of dependence on the world's largest supplier of enterprise software solutions. The continued success for existing and future SAP products on the market and the sustainability of SAP's midmarket strategy, and the terms and conditions for partner sales that go with it, cannot be predicted with any certainty, and therefore also represent a considerable risk. All for One Midmarket AG however works closely and intensively with SAP on all levels and is a permanent member of the SAP Partner Executive Council for example. This European central council within the SAP organisation does not just act as a mere sounding board for SAP, it also carries a great deal of weight in dealing with partner-related issues. Management also maintains regular and close contact with the decision makers at SAP to represent the positions held by the partners and highlight the needs and concerns of our many small to mid-sized customers.

**Risks Posed by Rising Energy Costs**

All for One is increasingly being confronted with the risks associated with sharply rising energy costs. In order to improve energy efficiency, All for One is making sustainable investments in state-of-the-art technologies and infrastructure solutions such as »virtualisation«, »deduplication« and »indirect cooling« for its data centers. The concentration of as many customer systems as possible in two data centers also helps to significantly improve the overall energy footprint compared to individual solutions at the customers' facilities. What's more, a special incentive programme was developed for All for One's car fleet so that cars with lower carbon dioxide emissions are used more often. Despite these measures, rapidly rising energy prices could burden the Group's earnings.

**Risks from the Dependence on Key Customers**

All for One Midmarket AG's sales revenues are generally spread across a large number of customers. No one customer accounts for more than 4% of the Group's total sales. Defaults by several customers could, however, seriously impair business performance. All for One Midmarket AG uses a careful regimen of account management to mitigate its dependence on key clients. Measures designed to ensure sustained customer satisfaction with the solutions and services provided, together with contractual commitments (longer contract terms), also effectively enhance customer loyalty.

**Risks Associated with Human Resources**

In the case of service companies, sustained business success is inextricably linked to having highly qualified and motivated employees working for you. That is why it is critically important to not only uphold your appeal as the employer of choice for both your current staff and future applicants, but to also maintain the long-term loyalty of and commitment to the company on the part of the many experienced and highly skilled specialists and professionals. It is when managers and experts like these leave the company without being able to smoothly transition their duties and responsibilities to qualified replacements that we face the risk of deterioration in service quality and customer satisfaction, and consequently the impairment of the business.

As far as the recruitment of SAP consultants with experience in the midmarket segment is concerned, it appears that the labour markets are sliding back to their problematic pre-crisis levels. Although All for One's reputation and appeal as an employer of choice was enhanced with the good marks achieved in the »Great Place to Work« and »TOP CONSULTANT« benchmark surveys, as well as from more and better training, professional-development and advancement initiatives, there still remain human resource-related risks that could impair further business growth and performance even in spite of the higher intensity of the company's recruitment efforts.

**Financial and Liquidity Risks**

The Group balance sheet as at 30 September 2011 shows an equity ratio of 59%. The financial flexibility represented by this figure also includes disposable cash resources in the amount of EUR 17.9 million and short-term third-party receivables of EUR 15.8 million. Furthermore, All for One Midmarket AG generated a positive free cash flow of EUR 4.5 million during the financial year 2010/11. As yet unused operational funding lines of credit in excess of EUR 4 million add to the financial strength and flexibility that the Group enjoys.

Since variable interest rates are part of the loan agreements and interest hedges are not being used, a change in interest rates can have a negative impact on the financial results of All for One Midmarket AG. Should certain events described in the loan agreements (covenants) arise, then the lenders are, among other things, authorised to raise the interest rate or to terminate the loans and call them due immediately. These covenants pertain in particular to maintaining a predetermined dynamic gearing ratio, a cash coverage ratio and a minimum equity ratio. All of these figures are calculated and evaluated at Group level. All covenants were complied with in their entirety and according to present knowledge, All for One Midmarket AG expects that they will continue to be complied with. Risk is also mitigated by the fact that the financial liabilities of EUR 7.5 million (30 September 2010) have been reduced to EUR 5.4 million (30 September 2011). The management board exercises the utmost diligence regarding compliance with the terms and requirements set forth in credit agreements, carefully monitors the development in interest rates and stays in regular contact with the banks. Furthermore, a Group-wide reporting system monitors the earnings situation along with the assets and financial situation on a monthly basis and analyses any deviations from the budget in order to react as quickly as possible to any unplanned outflows of liquidity or too few inflows. The fact that significant parts of the business are distributed across a large number of individual customers also helps to limit risks. And, All for One Midmarket AG is not subject to major fluctuations in payment flows over the course of a given year, which facilitates cash management and further reduces existing risks.

**Risks Associated with the Operation of Data Centers**

All for One Midmarket AG is exposed to the risks inherent with the operation of data centers including those relating to the transmission of data. Broad security measures help limit these risks. The use of high-availability solutions, for example, keep the risk of system failures to an absolute minimum. Applications and systems are also operated redundantly in state-of-the art buildings and infrastructures that are divided into two autonomous data centers. These are physically and geographically separated and fully independent of each other in terms of utilities and services (particularly power and telecommunications). In the event of an interruption in systems operations, which in the case of disaster could extend so far as to the failure of an entire data center, operations can be continued from the other data center. Investments are also made in cutting-edge technologies from major-name manufacturers. Service management processes consistent with strict process definitions and which include audits and certifications – such as those that meet the requirements of the Sarbanes-Oxley Act (SAS 70, ISAE 3402) for example – not only further reduce risks, but improve the quality of the services being provided at the same time. Insurance coverage is also in place that can help mitigate the damage even further. Nevertheless, the risks associated with the operation of data centers cannot be completely eliminated.

**Risks Associated with the Acquisition of Steeb Anwendungssysteme GmbH**

The systematic transformation of All for One into an SAP full-service provider led in recent years, among other things, to the sale of shareholdings in ACCURAT GmbH (2008) and AC-Service (Schweiz) AG (2009). These two transactions improved the Group's risk position. Both the dependence on key customers, and financial and liquidity risks were reduced significantly. The Group's risk situation will change again with the acquisition of Steeb Anwendungssysteme GmbH. By its very nature this acquisition will lead to integration risks and also increase financial and liquidity risks. All for One is working diligently and intensively on a quick and smooth integration and also has acquired extensive experience from a number of successfully completed integration projects. Despite meticulous preparations and the support of outside advisors, the planned acquisition still involves risks that could seriously impact the earnings and financial situation.

## 3.4. Opportunities

The clear focus on key industries in selected midmarket segments offers an even greater opportunity of becoming the first choice for companies looking for a consulting, solutions and service partner for their IT projects. Rigorous and consistent direct sales, together with sales and marketing through partners, are helping to expand our base of reference customers. Our very good reputation on the market and the image we present by being a financially sound service partner that values quality and offers its customers a long-term investment perspective are what form an outstanding basis for even more successful selling. Our top position and visibility as one of the leading Gold Partners within the SAP organisation also helps us market and sell the associated SAP licenses. As we continue to expand our full range of products and services, new opportunities arise to comprehensively support our customers even in times when the economy becomes weaker, and to gradually go beyond primary support and successfully market our entire portfolio of solutions and services. Our extensive

»All for One Business Partner Programme« for secondary sales and distribution in countries where German is spoken also gives us a competitive edge. On a worldwide scale, our cooperation with United VARs ensures low-risk and well-established worldwide customer service and support of a very high quality.

The acquisition and successful integration of Steeb Anwendungssysteme GmbH will offer numerous economies of scale and options that can further improve earnings performance in the future. Outsourcing services and SAP add-on solutions can, for example, also be provided to Steeb's customer base. Doing so will also enhance the impact of and the business outlook for new initiatives such as business analytics, mobile solutions and SAP Business ByDesign.

On the whole, All for One has the opportunity to become the No. 1 in the SAP midmarket segment in those countries where German is spoken, and in turn further cement a secure place within the relevant set of invitations for IT-related tenders in its target industries.

### 3.5. Overall Risk Profile

From All for One Midmarket AG's perspective, the opportunities presented outweigh the risks when viewed overall. Thanks to its market position with a large and growing number of established customers, and in light of its well-trained and dedicated employees along with its well-established foundation, All for One Midmarket AG is confident that it can successfully master the challenges addressed in the current overall risk profile. This assessment is also supported by the existing risk management system, which enables the company to identify changes in the risk situation at an early stage and initiate appropriate measures to correct them.

## 4. Outlook

**Projected Developments in the Target Markets**

The German economy, with its strong industrial foundation and good positioning on the global markets, has so far withstood the euro crisis. The orders situation is still good, as is the level of capacity utilisation. Despite the gloomy forecasts for business, many small and mid-sized enterprises still want to invest more and hire additional employees *(Source: dpa, Handelsblatt, 1 September 2011).* Many companies today consider themselves better prepared than before, should they have to face an economic downturn or a prolonged dry spell. Nonetheless, there remains the possibility that the crisis on the financial markets will spill over onto the real economy. And so, there is clearly the danger of a global economic slowdown or recession taking others down with it. A return to those relatively large growth rates seen in 2010 is out of the question, at least for the 2011/12 financial year.

Although projections anticipate a gain of 14% for 2011, the German machinery industry expects only relatively minor growth of 4% for 2012, according to the VDMA German Engineering Federation. Still, an economic downturn similar to that of 2008 is not expected. Even the ZVEI German Electrical and Electronics Manufacturers Association, whose members include many automotive part suppliers, is optimistic. Growth of 5% is projected for 2012 compared to 10% in 2011 (*Source: Handelsblatt, 9 September 2011*).

**Outlook for the IT Markets**

The debt crisis in Europe and the turbulence on the financial markets is hardly noticeable when it comes to the outlook for the IT markets in 2012. As of now, technology users see no reason to revise their plans or budgets. Challenges such as »internationalisation«, »competition« and »cost pressures« should also continue to be sources of ever-greater demands on the enterprise software landscape and IT infrastructures. In the case of the latter, this mostly involves using energy-efficient technologies and having the ability to assure uninterrupted systems availability and security. Market observers expect growth of about 4% for the information technology markets in 2012 *(Source: techconsult, 1 July 2011*). Even more recent estimates including the BITKOM index (prepared by the German Association for Information Technology, Telecommunications and New Media, or BITKOM) continue to speak of a »dynamic development« of the IT markets *(Source: BITKOM, 20 September 2011).*

**Projected Business Performance for All for One**

Over the past few years, All for One Midmarket AG has made exacting preparations and used a carefully thought-through strategy to progressively assume a new position from which it can effectively move forward. In view of the possible acquisition of Steeb Anwendungssysteme GmbH, both a stand-alone budget reflecting purely organic corporate growth and a budget plan for a potential combined company of »All for One plus Steeb« were prepared. Since All for One and Steeb largely address the same segments within the German-language midmarket sector, the signs and indicators pertaining to the business outlook in the target industries and on the IT markets apply almost equally to both budget scenarios.

The starting point for the two budget scenarios is the organic business development of the two business divisions Integrated Solutions and HR Solutions within All for One as a stand-alone company. A stable business model in full swing should enable the company to reach its next growth milestone in the financial year 2011/12. The core customer base provides a solid foundation for recurring revenues, which means that in the financial year 2012/13 the company should again succeed in increasing the amount of recurring revenues from outsourcing services, including software maintenance, within the Integrated Solutions business division. Despite the bleaker outlook for the economy, small to mid-sized manufacturing and project services companies are still expected to continue investing in, updating and replacing their enterprise software solutions, which in turns opens up opportunities for the Integrated Solutions business division to sell software licenses. Revenues from the sale of software licenses are, however, naturally subject to major fluctuations and are therefore difficult to plan. A large workload within the consulting business is expected to give an added boost to both the Integrated Solutions and HR Solutions operating segments in the financial year 2011/12, so that the upward trend can continue. The investments planned for the financial year 2011/12 are largely customer related and pertain mostly to the two data center locations. Some new technologies relating to improved energy efficiency and sophisticated virtualisation appear to have reached a degree of maturity, which may result in additional investments being made in further growth and expansion. The number of employees is also projected to increase slightly. Overall, in the financial year 2011/12, a stand-alone All for One should post revenue growth in the mid-single-digit range along with an EBIT of at least EUR 5.0 million (before one-time integration charges). The greatest risks are posed by economic setbacks that could lead to insolvencies among established customers.

A combined company »All for One plus Steeb« will offer greater earnings potential and more opportunities for profit than a stand-alone All for One. The combined EBIT in the financial year 2011/12 will be burdened by one-time integration charges. Total sales revenues of over EUR 160 million and an EBIT margin of more than 5% are projected for the financial year 2012/13.

## 5. Subsequent Events

On 10 November 2011 All for One Midmarket AG announced the signing of a purchase agreement to acquire all of the shareholdings in Steeb Anwendungssysteme GmbH, Abstatt. Steeb ranks as one of the leading SAP system houses in Germany. The company and its 190 employees generate revenues of approximately EUR 60 million with some 1,000 clients. Steeb Anwendungssysteme GmbH is a wholly-owned subsidiary of SAP AG, Walldorf. The aim of this acquisition is to further enhance All for One's already strong market strength and effectiveness as an SAP full-service provider and unlock additional potential for growth, which will provide the basis for forming a new »No. 1« on the SAP midmarket segment in countries where German is spoken. The expenses with regard to the pending transaction (due diligence and so forth) already incurred in the reporting year were recognised as an expense in the amount of EUR 0.3 million in the financial year 2010/11. The transfer of shareholdings was completed with an effective date of 1 December 2011.

## 6. Other Information

### 6.1. Dependent Company Report

CROSS Informatik GmbH, Wels/Austria, has held more than 50% of the voting rights in the company since 12 March 2011. Therefore, All for One Midmarket AG is considered a dependent company of CROSS Informatik GmbH. Since there is neither a profit transfer agreement nor a controlling agreement in place between the company and CROSS Informatik GmbH, the company's management board is required to prepare a report on relations with affiliated companies in accordance with § 312 »Aktiengesetz«. All for One Midmarket AG was regarded as a dependent company of BEKO HOLDING AG, Nöhagen/Austria, until 12 March 2011. BEKO HOLDING AG held more than 50% of the voting rights in the company since 27 November 2003.

The management board hereby declares pursuant to § 312, section 3 »Aktiengesetz« that All for One Midmarket AG received appropriate consideration for all the legal transactions and measures listed in the report on relations with affiliated companies as based on the circumstances known to the management board at the time that such legal transactions were executed or the measures were taken or omitted, and that it was not at a disadvantage as a result of measures being taken or omitted.

### 6.2. Corporate Governance Statement

The Corporate Governance Statement is published in the »Investor Relations« section of the company's website www.all-for-one.com.

### 6.3. Report on Compensation of the Management and Supervisory Boards

The management board of All for One Midmarket AG consisted of Lars Landwehrkamp and Stefan Land during the reporting year. Total compensation for the members of the management board for the current financial year was KEUR 1,176 (2009/10: KEUR 921). Fixed compensation (including miscellaneous) for the members of the management board consisted of a basic salary, benefits in kind for the use of a company car and the payment of direct insurance. The additional performance-related compensation component is based on the target achievement of the annual earnings before taxes (EBT) as reflected in the audited consolidated financial statements of All for One Midmarket AG. A dividend-based variable compensation component will also be paid to the extent that dividend distributions can be made to the shareholders for the corresponding financial year.

Compensation for the supervisory board is as regulated in § 11 of the company articles of association. In accordance with this provision, the members of the supervisory board receive a fixed basic remuneration and an attendance allowance, in addition to reimbursement for expenses. The chairman is paid twice the amount and the deputy chairman one and a half times the amount of this remuneration. Members of the supervisory board, who were not in office throughout the entire financial year, are paid pro rata temporis. No performance-based compensation is provided. Total compensation for the supervisory board was KEUR 67 (2009/10: KEUR 58).

No loans were extended nor stock options granted to the members of the management board or the supervisory board during the reporting year. Individual compensation for members of each of the boards is reported in the notes to the consolidated financial statements.

## 6.4. Information pursuant to § 315, Section 4 »Handelsgesetzbuch« (HGB)

**Composition of Issued Share Capital (No. 1)**

The issued share capital in the amount of EUR 14,580,000 consists of 4,860,000 registered, no-par-value shares.

**Restrictions on Voting Rights or the Transfer of Shares (No. 2)**

The management board is not aware of any restrictions affecting voting rights or the transfer of shares, or in particular of any restrictions that could result from agreements among the shareholders.

**Direct or Indirect Shares in the Capital that Exceed 10% of the Voting Rights (No. 3)**

CROSS Informatik GmbH, Wels/Austria, has been the new principal shareholder of All for One Midmarket AG since 12 March 2011 after a split-off of shares previously held by BEKO HOLDING AG, Nöhagen/Austria. Following the takeover bid that CROSS Informatik GmbH made to the shareholders of All for One Midmarket AG on 17 March 2011 pursuant to the »Wertpapiererwerbs- und Übernahmegesetz«, the company holds 65.26% of the share capital and voting rights in All for One Midmarket AG. BEKO HOLDING AG holds 11.11% of the share capital and an equal amount of the voting rights in All for One Midmarket AG.

**Holders of Shares with Special Rights (No. 4)**

No All for One Midmarket AG shares confer special rights of control.

**Type of Voting Rights Control for Employee Shares (No. 5)**

Furthermore, there are no employees holding an interest in the share capital of All for One Midmarket AG, who cannot directly exercise their rights of control.

**Legal Provisions and Stipulations in the Company Articles of Association Governing the Appointment and Removal of Members of the Management Board and on Amending the Company Articles of Association (No. 6)**

**a) Appointment of Members of the Management Board**

According to § 6, section 2 of the company articles of association, the management board shall consist of at least two individuals. Furthermore, the supervisory board will determine the number of members in the management board in accordance with the provisions set forth by law. The supervisory board can appoint a member of the management board to be chairperson of the management board and may also appoint deputy members of the management board. Pursuant to § 85, section 1 »Aktiengesetz« the court can, in urgent cases and on petition of an involved party, appoint the member in the event that a required member of the management board is lacking (for example when there is only one member of the management board in office). In any case, and pursuant to § 85, section 2 »Aktiengesetz«, the term of the court-appointed member of the management board expires as soon as the original deficiency is corrected.

**b) Removal of Members of the Management Board**

The supervisory board may revoke the appointment as member of the management board and the appointment as chairperson of the management board with good cause in accordance with § 84, section 3, sentence 1 »Aktiengesetz«. Good cause according to § 84, section 3, sentence 2 »Aktiengesetz« is gross dereliction of duty, inability to properly manage the business or a vote of no confidence by the annual general meeting, unless such confidence by the shareholders was withdrawn for clearly irrelevant reasons. The revocation of appointment to the management board is effective according to § 84, section 3, sentence 4 »Aktiengesetz« until such time as the invalidity of such revocation may be judged legally final.

**c) Amendments to the Company Articles of Association**

Pursuant to § 179, section 1, sentence 1 »Aktiengesetz«, a resolution of the annual general meeting is required for any amendment to the company articles of association. The supervisory board is, however, authorised according to § 17 of the company articles of association in connection with § 179, section 1, sentence 2 »Aktiengesetz« to approve amendments to the company articles of association that only affect its wording.

According to § 179, section 2, sentence 1 »Aktiengesetz«, a resolution by the annual meeting on amending the company articles of association requires a majority vote that includes at least three-quarters of the represented share capital at the time the resolution was adopted. According to § 179, section 2, sentence 2 »Aktiengesetz«, the company articles of association may set forth other requirements and a different capital majority, although only a larger capital majority may be stipulated for any changes to the corporate purpose. On the basis of this statutory authority, § 14, section 3, sentence 3 of the company articles of association provides that resolutions for amending the company articles of association be approved by simple majority vote to the extent that such is legally permissible.

**Authority of the Management Board, Particularly Regarding its Ability to Issue or Repurchase Shares (No. 7)**

In accordance with § 5, section 4 of the company articles of association, the management board is authorised until 15 March 2016, with the approval of the supervisory board, to increase the share capital up to EUR 7,290,000 through one or more issues of new registered shares for cash contributions and/or contributions in kind (»Authorised Capital 2011«). The supervisory board is authorised to amend the wording of the company articles of association according to the size of the capital increase from authorised capital.

When exercising the »Authorised Capital 2011« the management board is authorised, with the approval of the supervisory board, to exclude subscription rights for shareholders in part or in full:

a) to eliminate fractions;
b) if the capital increase for cash contributions does not exceed EUR 1,458,000 and the issue price of the shares is not significantly less than the market price; this limit will include those shares that were issued on the basis of other authorisations and that excluded subscription rights;
c) in the case of capital increases for contributions in kind, particularly in connection with the purchase of companies, parts of companies, equity interests or assets, provided that the total of EUR 7,290,000 is not exceeded; this limit will include those shares that were issued on the basis of other authorisations and that excluded subscription rights.

The annual general meeting of 16 March 2011 authorised the management board, pursuant to § 71 section 1, number 8 »Aktiengesetz«, to repurchase treasury shares in All for One Midmarket AG up to a total amount of 10% of the share capital at the time of resolution, i.e. up to 486,000 no par value registered shares. The management board made no use of this authorisation during the reporting period.

The company held no treasury stock as at 30 September 2011. The 540,000 treasury shares – 10% of the share capital as at 30 September 2010 – held as at 30 September 2010 were cancelled during the reporting period and the share capital was reduced from EUR 16.2 million (30 September 2010) to EUR 14.58 million (30 September 2011). The share capital as at 30 September 2011 is divided into 4,860,000 registered shares, whose arithmetic nominal value is EUR 3 per share.

**Material Agreements under the Condition of a Change of Control as a Result of a Takeover Bid (No. 8)**
In the event of a change of control, and in accordance with the existing loan agreement over an original amount of EUR 5 million with the Commerzbank AG, the company is required to negotiate with the bank a continuation of the loan under modified terms that are amenable to both parties. An acquisition of control over CROSS Informatik GmbH is not, however, a »change of control« relating to the company.

**Indemnity Agreements in the Event of a Takeover Bid (No. 9)**
No company indemnity agreements with members of the management board or other employees have been made for the event of a takeover bid.

## 6.5. Forward-Looking Statements

This Group Management Report contains statements pertaining to the future performance of All for One Midmarket AG and to future economic conditions and developments. These statements represent estimates and projections that we made based on the information that was available to us at the time this Group Management Report was prepared. Actual results may differ materially from the results forecast here in the event that the underlying assumptions do not materialise or additional risks arise. No warranty can be made as to the accuracy of any such forward-looking statements.

Filderstadt, 5 December 2011
All for One Midmarket AG

| | |
|---|---|
| Lars Landwehrkamp | Stefan Land |
| CEO | CFO |

# CONSOLIDATED FINANCIAL STATEMENTS

All for One Midmarket AG
Financial Year from 1 October 2010 to 30 September 2011

## Group Income Statement

### Financial Year from 1 October 2010 to 30 September 2011

| in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| **Sales revenues (1)** | **90,154** | **78,786** |
| Other operating income (2) | 968 | 1,402 |
| Cost of traded goods and third party services (3) | -29,413 | -25,827 |
| Personnel expenses (4) | -39,181 | -35,427 |
| Depreciation and amortisation (6) | -3,053 | -3,497 |
| Other operating expenses (7) | -14,747 | -12,901 |
| **EBIT** | **4,728** | **2,536** |
| Financial income | 545 | 659 |
| Financial expense | -282 | -402 |
| **Financial result (8)** | **263** | **257** |
| **EBT** | **4,991** | **2,793** |
| Income tax (9) | 173 | -775 |
| **Earnings after tax before discontinued operation** | **5,164** | **2,018** |
| Earnings after tax from discontinued operation (30) | 2,096 | 0 |
| **Earnings after tax** | **7,260** | **2,018** |
| *attributable to equity holders of the parent* | *6,855* | *1,918* |
| *attributable to minority interests* | *405* | *100* |
| **Undiluted and diluted earnings per share** | | |
| Earnings per share in EUR from continuing operations | 0.98 | 0.38 |
| Earnings per share in EUR from discontinued operation | 0.43 | 0.00 |
| **Earnings per share in EUR (10)** | **1.41** | **0.38** |

## Group Statement of Comprehensive Income

### Financial Year from 1 October 2010 to 30 September 2011

| in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| **Earnings after Tax** | **7,260** | **2,018** |
| Foreign currency translation differences for foreign operations | 140 | 228 |
| **Total comprehensive income** | **7,400** | **2,246** |
| *attributable to equity holders of the parent* | *6,995* | *2,146* |
| *attributable to minority interests* | *405* | *100* |

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

# Group Balance Sheet
as at 30 September 2011

| ASSETS<br>in KEUR | 30.09.2011 | 30.09.2010 |
|---|---|---|
| **Non-current assets** | | |
| Goodwill (11) | 4,981 | 4,867 |
| Other intangible assets (11) | 8,125 | 8,909 |
| Tangible fixed assets (12) | 4,966 | 5,247 |
| Financial assets (13) | 3,574 | 3,538 |
| Deferred tax assets (14) | 3,909 | 3,011 |
| | **25,555** | **25,572** |
| **Current assets** | | |
| Inventories (16) | 657 | 378 |
| Trade accounts receivable (17) | 15,539 | 12,494 |
| Current income tax assets (15) | 122 | 188 |
| Financial assets (18) | 2,597 | 2,583 |
| Other assets (19) | 804 | 740 |
| Cash and cash equivalents (20) | 17,979 | 17,340 |
| | **37,698** | **33,723** |
| Other assets from discontinued operation (30) | 2,096 | 0 |
| **Total assets** | **65,349** | **59,295** |

| EQUITY AND LIABILITIES<br>in KEUR | 30.09.2011 | 30.09.2010 |
|---|---|---|
| **Equity (21)** | | |
| Issued capital | 14,580 | 16,200 |
| Treasury stock (22) | 0 | -2,354 |
| Capital reserve | 8,849 | 7,229 |
| Reserves from foreign currency translation | 440 | 300 |
| Retained earnings | 12,842 | 9,894 |
| **Share of equity attributable to equity holders of the parent** | **36,711** | **31,269** |
| **Minority interests (23)** | **1,642** | **1,139** |
| **Total equity** | **38,353** | **32,408** |
| **Non-current liabilities** | | |
| Provisions (24) | 136 | 184 |
| Post-employment benefit liabilities (5) | 560 | 349 |
| Financial liabilities (25) | 2,188 | 6,394 |
| Deferred tax liabilities (26) | 3,707 | 3,793 |
| Other liabilities (27) | 0 | 13 |
| | **6,591** | **10,733** |
| **Current liabilities** | | |
| Provisions (24) | 62 | 235 |
| Current income tax liabilities (15) | 312 | 320 |
| Financial liabilities (25) | 3,176 | 1,149 |
| Trade accounts payable (28) | 5,243 | 5,305 |
| Other liabilities (27) | 11,612 | 9,145 |
| | **20,405** | **16,154** |
| **Total liabilities** | **26,996** | **26,887** |
| **Total equity and liabilities** | **65,349** | **59,295** |

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

# Group Cash Flow Statement

## Financial Year from 1 October 2010 to 30 September 2011

| in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| **EBT** | **4,991** | **2,793** |
| Amortisation of intangible assets | 930 | 1,288 |
| Depreciation of tangible fixed assets | 2,123 | 2,209 |
| Financial result | -263 | -257 |
| **EBITDA** | **7,781** | **6,033** |
| Increase (+) / decrease (-) in value adjustments and provisions | -85 | -240 |
| Other non-cash expense (+) and income (-) | 7 | 38 |
| *Changes in assets and liabilities:* | | |
| Increase (-) / decrease (+) in trade receivables | -2,884 | -260 |
| Increase (-) / decrease (+) in financial assets | -47 | 408 |
| Increase (-) / decrease (+) in other assets | -1,133 | 241 |
| Increase (+) / decrease (-) in trade payables | -85 | -2,448 |
| Increase (+) / decrease (-) in other liabilities | 3,217 | 544 |
| Income tax paid | -674 | -581 |
| **Cash flow from operating activities** | **6,097** | **3,735** |
| Purchase of intangible, tangible fixed and other assets | -2,128 | -1,509 |
| Sale of intangible, tangible fixed and other assets | 28 | 99 |
| Cash flow from minority interests (23) | 4 | -14 |
| Interest received | 523 | 651 |
| **Cash flow from investing activities** | **-1,573** | **-773** |
| Repurchased treasury stock (22) | 0 | -1,331 |
| Cash flow from bank borrowings and long-term financial liabilities | 480 | 1,883 |
| Repayment of bank borrowings | -1,657 | -3,824 |
| Interest paid | -213 | -376 |
| Repayment of finance leases | -1,125 | -1,026 |
| Dividend payment | -1,458 | 0 |
| **Cash flow from financing activities** | **-3,973** | **-4,674** |
| Changes in disposable cash and cash equivalents | 118 | 118 |
| **Increase / decrease in cash and cash equivalents** | **669** | **-1,594** |
| Effect of exchange rate fluctuations on cash funds | 89 | 159 |
| Cash flow from sale of consolidated equity interests | 0 | 2,039 |
| Cash funds at start of financial year | 17,191 | 16,587 |
| **Cash funds at end of financial year (20)** | **17,949** | **17,191** |
| **Composition of cash funds at end of financial year** | | |
| Cash and cash equivalents according to the balance sheet | 17,979 | 17,340 |
| Less cash and cash equivalents not disposable | -30 | -149 |
| **Cash funds at end of financial year** | **17,949** | **17,191** |

In the current financial year, no net cash flows were attributed to the discontinued operation.

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

## Statement of Changes in Equity of the Group

### Financial Year from 1 October 2010 to 30 September 2011

| | Share of equity attributable to equity holders of the parent | | | | | Minority interests (23) | Shareholders' equity (21) |
|---|---|---|---|---|---|---|---|
| in KEUR | Issued share capital | Treasury stock (22) | Capital reserve | Reserve from currency translation | Retained earnings | | |
| **1 October 2009** | **16,200** | **-1,023** | **7,229** | **72** | **7,960** | **1,069** | **31,507** |
| Dividend distribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reduction in share capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cancelled treasury stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Repurchased treasury stock | 0 | -1,331 | 0 | 0 | 0 | 0 | -1,331 |
| Change in minority interests | 0 | 0 | 0 | 0 | 16 | -16 | 0 |
| Distribution to minority interests | 0 | 0 | 0 | 0 | 0 | -14 | -14 |
| Cash flow from minority interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive income | 0 | 0 | 0 | 228 | 1,918 | 100 | 2,246 |
| **30 September 2010** | **16,200** | **-2,354** | **7,229** | **300** | **9,894** | **1,139** | **32,408** |
| | | | | | | | |
| **1 October 2010** | **16,200** | **-2,354** | **7,229** | **300** | **9,894** | **1,139** | **32,408** |
| Dividend distribution | 0 | 0 | 0 | 0 | -1,458 | 0 | -1,458 |
| Reduction in share capital | -1,620 | 0 | 1,620 | 0 | 0 | 0 | 0 |
| Cancelled treasury stock | 0 | 2,354 | 0 | 0 | -2,354 | 0 | 0 |
| Repurchased treasury stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in minority interests | 0 | 0 | 0 | 0 | -95 | 95 | 0 |
| Distribution to minority interests | 0 | 0 | 0 | 0 | 0 | -117 | -117 |
| Cash flow from minority interests | 0 | 0 | 0 | 0 | 0 | 120 | 120 |
| Total comprehensive income | 0 | 0 | 0 | 140 | 6,855 | 405 | 7,400 |
| **30 September 2011** | **14,580** | **0** | **8,849** | **440** | **12,842** | **1,642** | **38,353** |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All for One Midmarket AG
Financial Year from 1 October 2010 to 30 September 2011

## A. General

All for One Midmarket AG is a public corporation with its headquarters at Gottlieb-Manz-Strasse 1, Filderstadt, Germany. As a leading SAP full-service provider, All for One Midmarket AG's range of products and services includes consulting, the sale of software licenses, outsourcing and IT services.

The financial year of All for One Midmarket AG begins on 1 October and ends on 30 September of the following year.

## B. Accounting

The consolidated financial statements of All for One Midmarket AG (hereafter called All for One, the company or the Group) as at 30 September 2011 are based on the company's uniform accounting principles. The valuation, consolidation and classification principles were applied consistently by all the Group companies. The consolidated financial statements are presented in thousand euros (KEUR) rounded to the next thousand.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), which are required to be applied in the European Union. All of the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) of the International Financial Reporting Interpretations Committee/Standing Interpretations Committee (IFRIC/SIC) required for the preparation of the IFRS consolidated financial statements in this financial year were applied.

The consolidated financial statements of All for One Midmarket AG apply the cost method except for securities and first-time reported assets from business combinations at the time control was assumed. These assets are reported at their respective fair values. Expenses and income are allocated on an accrual basis.

## C. New Accounting Standards

**Changes in Accounting Principles**
The following standards and interpretations issued by the International Accounting Standards Board (IASB) were adopted by the European Union (EU) and were applied in preparing the consolidated financial statements as at 30 September 2011:

- IFRS 1 »Additional Exemptions for First-Time Adopters« (revised)
- IFRS 1»Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters« (revised)
- IFRS 2 »Group Cash-Settled Share-Based Payment Transactions« (revised)
- IAS 32 »Classification of Rights Issues« (revised)
- Improvements to IFRSs (2009)
- Improvements to IFRSs (2010)
- IFRIC 15 »Agreements for the Construction of Real Estate«
- IFRIC 17 »Distribution of Non-Cash Assets to Owners«
- IFRIC 18 »Transfers of Assets from Customers«
- IFRIC 19 »Extinguishing Financial Liabilities with Equity Instruments«

The application of new or revised standards and interpretations had no direct impact on the All for One consolidated financial statements.

**Additional New or Revised Standards**
The following standards were adopted by the European Union (EU) but were not applied to the consolidated financial statements as at 30 September 2011 because their application was not yet compulsory:

- IAS 24 »Related Party Disclosures« (revised)
- IFRIC 14 »Prepayments of a Minimum Funding Requirement« (revised)

The following new or revised standards, which will come into force after 2011, were not yet adopted by the EU:

- IFRS 1 »Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters« (revised)
- IFRS 7 »Financial Instruments: Disclosures« (revised)
- IFRS 9 »Financial Instruments«
- IFRS 10 »Consolidated Financial Statements«
- IFRS 11 »Joint Arrangements«
- IFRS 12 »Disclosures of Interests in Other Entities«
- IFRS 13 »Fair Value Measurement«
- IAS 1 »Presentation of Items of Other Comprehensive Income« (revised)
- IAS 12 »Deferred Tax: Recovery of Underlying Assets« (revised)
- IAS 19 »Employee Benefits« (revised)
- IAS 27 »Separate Financial Instruments« (revised)
- IAS 28 »Investments in Associates and Joint Ventures« (revised)

## D. Structure of Operating Segments

The Group is divided into the two business divisions »Integrated Solutions« and »HR Solutions«. Group-wide expenses and corporate costs are allocated appropriately and directly to the two segments.

## E. Consolidation Principles

All for One Midmarket AG and all subsidiaries over which the company exercises legal or actual control are included in the company's consolidated financial statements.

The exercise of control is presumed once the parent company holds more than 50% of the voting rights in a company or controls the financial or business policies of a company in any other way, or can exercise a controlling influence on the company through a majority in the supervisory board or other executive body.

The financial statements of the companies to be included in the consolidated financial statements are included in the consolidated financial statements from the beginning of the time exercise of control was possible until the end of the time of exercise of control was possible.

The purchase method is used in the capital consolidation of the subsidiaries. At the time of the acquisition the cost of the acquisition is offset against its revalued equity. The subsidiary's assets and liabilities are measured at fair value as part of the revaluation. Deferred taxes are recognised on hidden reserves and liabilities disclosed as part of the initial consolidation to the extent that this realisation is not also applicable for tax purposes. Acquisition costs not allocated to assets and liabilities are capitalised as goodwill. Recognised hidden reserves and liabilities will be treated like the corresponding assets and liabilities in the following periods and carried over, amortised or eliminated.

Intergroup revenues, expenses and income, as well as all receivables and liabilities among the consolidated companies, were eliminated. The effects on income tax were taken into account for those consolidation transactions treated as income and deferred taxes were recognised.

The effects that the acquisition of former minority shareholdings has on already fully consolidated companies are reported under equity.

## F. Scope of the Consolidation and Changes in Group Structure

In addition to All for One Midmarket AG, the consolidated financial statements include all domestic and foreign companies in which the company as at 30 September 2011 directly or indirectly held a majority of the voting rights or exercised control on the basis of other rights in terms of IAS 27.

In addition to All for One Midmarket AG, the following companies are included in the company's consolidated financial statements as at 30 September 2011:

| COMPANY | Share in % |
|---|---|
| **Direct interests** | |
| Process Partner AG, St. Gallen/Switzerland | 100 |
| All for One Midmarket Solutions & Services GmbH, Vienna/Austria | 100 |
| AC-Service Beteiligungs GmbH, Filderstadt/Germany | 100 |
| AC Automation Center Sàrl, Luxembourg/Luxembourg (10% of which is indirect) | 100 |
| AC Automation Center SA/NV, Zaventem/Belgium | 100 |
| **Indirect interests** | |
| KWP Austria GmbH, Vienna/Austria | 39.2 |
| KWP Kümmel, Wiedmann + Partner Unternehmensberatung GmbH, Heilbronn/Germany | 56 |
| KWP France S.à.r.l., Haguenau/France | 42 |
| KWP Czech s.r.o., Prague/Czech Republic | 56 |
| KWP Professional Services GmbH, Hamburg/Germany | 46.5 |
| team HR Organisationsberatung Personalwirtschaft GmbH, Dusseldorf/Germany | 33.6 |

Changes in the scope of the consolidation during the past financial year:

The shareholders of KWP Kümmel, Wiedmann + Partner Unternehmensberatung GmbH, Heilbronn, increased the nominal capital of KWP Austria GmbH, Vienna/Austria, and accepted two new shareholders. As a result, the amount of indirect interest held by All for One Midmarket AG, Filderstadt, declined from 56% to 39.2%. The company remains unchanged within the scope of the consolidation because a controlling influence over the company continues to be exercised through KWP Kümmel, Wiedmann + Partner Unternehmensberatung GmbH, Heilbronn. This also applies to the affiliates KWP France S.à.r.l., Haguenau/France, KWP Professional Services GmbH, Hamburg, and team HR Organisationsberatung Personalwirtschaft GmbH, Düsseldorf, in which All for One holds an equity interest of less than 50%.

The former parent company BEKO HOLDING AG, Nöhagen/Austria, transferred the majority of its shareholdings in All for One Midmarket AG to the newly established company CROSS Informatik GmbH, Wels/Austria, as part of a split-off. CROSS Informatik GmbH has been the new parent of All for One Midmarket AG since the filing of the company in the Austrian commercial register on 12 March 2011. CROSS Informatik GmbH is a subsidiary of CROSS Industries AG, Wels/Austria.

## G. Foreign Currency Translation

The items recognised in the financial statements of the individual companies within the Group are valued on the basis of the respective functional currency. The consolidated financial statements are prepared in the euro currency. All for One's reporting currency and functional currency is the euro.

Transactions made in foreign currencies are translated into the functional currency at the prevailing rate of exchange on the date of the transaction. Foreign-currency monetary assets and liabilities are translated at the exchange rate on the balance sheet date. Exchange differences are recognised in the income statement under other operating expenses. Non-monetary assets and liabilities, which were valued at historical cost in a foreign currency, are translated at the exchange rate on the day of the business transaction.

The translation of the financial statements of the included companies, whose functional currency differs from the Group's reporting currency, is made as follows: The assets and liabilities are translated at the period-end exchange rate, equity at historical rates and the expenses and income at the average annual exchange rate. The resulting exchange differences are recognised as equity not affecting net income.

The most important changes in exchange rates in relation to the euro were as follows:

| | Year-end rate | | Average exchange rate | |
|---|---|---|---|---|
| in EUR | **30.09.2011** | 30.09.2010 | **10/2010 – 9/2011** | 10/2009 – 9/2010 |
| CHF | 1.2005 | 1,3089 | 1.2575 | 1.4286 |
| CZK | 24.5560 | 24,6510 | 24.4658 | 25.5793 |

## H. Accounting and Valuation Principles

The financial statements of All for One Midmarket AG and its domestic and foreign subsidiaries are prepared in accordance with IAS 27 using uniform accounting and valuation principles.

**Assumptions and Estimates**
Assumptions were made and estimates were used when preparing the consolidated financial statements, which affected the disclosure and amounts of the reported assets, debts, income, expenses and contingent liabilities. In some cases, the actual amounts may vary from the assumptions and estimates that were made. Changes will be recognised in the income statement at the time more accurate information becomes available.

In this regard, particular note should be made of the reporting and valuation of goodwill and other intangible assets (note 11), trade accounts receivable (note 17), provisions (note 24), current and deferred (income) tax assets and liabilities (notes 14, 15 and 26).

**Recognition of Revenues and Expenses**
Sales revenues and other operating income are credited to the income statement at the time the product is delivered to, or the service is rendered for, the customer. Sales revenues are reported without value-added tax and take into consideration sales adjustments such as credit notes, commercial discounts and similar deductions.

Revenues from software maintenance and service agreements, as well as from managed services, are recognised on an accrual basis. Revenues from the sale of licenses are considered realised when the customer acquires actual power of disposition over the software.

Consulting and training revenues are generated on the basis of individual services agreements and realised as the services are performed.

In accordance with IAS 18 and in conjunction with IAS 11, revenues from the rendering of longer-term project contracts are recognised with reference to their stage of completion using the percentage of completion method of accounting. The stage of completion is determined on the basis of the hours of work already performed in relation to the estimated total number of hours for the respective project. The amount of revenue to be recognised on the reporting date is determined by applying this result (as a percentage) to the total revenues.

Operating costs are recognised in the income statement at the time use is made of the rendered service, or at the time of its causation, while interest income and expenses are recognised on an accrual basis. Income and expenses from profit and loss transfer agreements are recognised at the end of the financial year. Dividends are recognised at the time they are distributed.

**Financial Result**
Valuation differences from adjustments of foreign currency exchange rates, which arise on financial assets and liabilities including internal Group financial relationships, are reported in the financial result.

Financial income includes dividend income from unconsolidated equity interests, interest income from loans granted and assets from finance leases as well as other income directly related to the financing or the investment in financial assets.

Financial expenses include the interest expenses from loans and finance lease obligations, as well as other expenses directly related to the financing or the investment in financial assets, insofar as these are not required to be reported as shareholders' equity. Interest expenses are recognised in the income statement using the effective-interest method. The cost of borrowed capital is not capitalised.

**Government Grants**
These government grants relate to assets. In accordance with IAS 20, they are only recognised when there is reasonable assurance that any conditions attached to the grants will be complied with and that the grants will be awarded.

**Earnings per Share**
Earnings per share are determined on the basis of dividing the annual net earnings by the average number of shares outstanding (issued shares less treasury stock). There are no effects from dilution.

**Goodwill**
Goodwill arises from the application of the purchase method to business combinations, provided the cost exceeds the fair value of the net assets of the purchased subsidiary on the acquisition date. In accordance with IFRS 3 no write-downs on goodwill have been made since 1 January 2005.

**Other Intangible Assets**
Acquired and self-created intangible assets are capitalised at cost or fair value if it involves business combinations, provided that the criteria stipulated in IAS 38 are met. Regular straight-line amortisation is made over the projected useful lives of the assets, provided that their useful lives can be determined with sufficient accuracy.

**Impairment of Goodwill and Other Intangible Assets**
Goodwill and other intangible assets with an indefinite useful life are tested for impairment at least once a year in accordance with IAS 36. Each impairment loss is recognised immediately in the income statement. All other intangible assets are tested for impairment as circumstances dictate. For impairment testing, assets are allocated where necessary to the smallest identifiable group of assets, or cash-generating unit, which generates cash flows that can be measured. An impairment loss is recognised when the cash-generating unit's carrying amount is greater than the recoverable amount. This is determined by the higher of the fair value less costs to sell and the value in use as measured using the discounted cash flow method.

**Tangible Fixed Assets**
Tangible fixed assets are reported at cost less regular straight-line depreciation in accordance with IAS 16.

Regular depreciation is made across the projected useful life of the assets within the Group, which are as follows:

| | Years |
|---|---|
| Buildings | 30 |
| Leasehold improvements | 2 – 15 |
| IT systems | 3 – 6 |
| Operating and office equipment | 4 – 13 |

Land is not depreciated.

An impairment loss is charged against earnings in accordance with IAS 36 in the event that the carrying amount is greater than the estimated recoverable amount. Any income or loss generated from the disposal of tangible fixed assets is reported in the income statement.

**Leasing Arrangements**
Leased assets under IAS 17, which are leased under terms by which the Group assumes all substantial risks and benefits incident to ownership from an economic perspective, are classified as finance leases and capitalised as non-current assets at the time of acquisition. At the same time, financial liabilities of the corresponding amount are recognised. Recognition is made at the lower of the fair value at the inception of the lease or the present value of the minimum lease payments. The depreciation methods and useful lives should be consistent with those for other comparable purchased assets. The interest component of lease payments is recognised in the interest result.

Lease payments are recognised in full as an expense in the case of operating leases in which beneficial ownership remains with the lessee.

**Financial Assets**
Financial assets in terms of IAS 39, which are of relevance for All for One, are classified as follows:

- Held-to-maturity financial investments
- Receivables and loans
- Available-for-sale financial assets

With the exception of receivables and loans, financial assets with determinable payments and fixed terms, which the company can and wishes to hold to maturity, are classified as held-to-maturity financial investments. These financial investments with a maturity of more than twelve months after the balance sheet date are reported as **non-current assets**, while all others are reported as **current assets**. In particular, the former includes entitlements from finance leases as well as other assets. Their value is stated at nominal value or at the original cost including transaction costs less cumulative value adjustments.

**Cash and cash equivalents** include cash on hand and deposits in banks. Changes in fair values are recognised in the financial result. **Trade accounts receivable** and other receivables are reported at amortised cost. Trade accounts receivable are reported less value adjustments. Accounts receivable exposed to an increased risk of default are evaluated individually and written down as needed. No value adjustments were made to any of the other financial assets. As yet uncompleted contract activity from consulting or managed services agreements is valued using the percentage of completion method and reported under trade accounts receivable, provided it is probable that payment will be made to the Group. Included under **available-for-sale financial assets** are those assets that cannot be allocated to the categories above. Gains and losses from the evaluation of the fair value are recognised directly in equity. Cumulative profit or losses that were previously recognised in equity are reported in the income statement at the time the financial investments are cancelled.

**Minority Interests**
Minority interests include their share of the fair values of the identifiable assets and liabilities at the time the subsidiary is acquired, as well as the gains and losses assigned to these shares in subsequent periods. Minority interests are reported as equity in the Group balance sheet.

**Inventories**
Inventories of merchandise (hardware and software held for sale) are valued at average cost or their potentially lower net realisable sale value. An appropriate value adjustment will be made for any other impairment.

**Provisions**
Provisions are made for obligations of uncertain amount or cause, if there is a legal or actual obligation stemming from an event occurring prior to the balance sheet date and if it is probable that an economic cost will be incurred in fulfilling the obligation. Long-term provisions with a remaining term of more than one year are reported at their discounted settlement amount on the balance sheet date, provided the discounting effect is significant.

**Post-Employment Benefit Liabilities**
All for One's active and former employees receive benefits and pensions based on the various local statutory post-employment benefit plans. In addition to defined contribution plans, there are also defined benefit plans whose value is determined using the projected unit credit method stipulated in IAS 19. The employer contributions for the respective period are recognised in the income statement for all defined contribution plans.

In the case of defined benefit plans, actuarial gains and losses are recognised as income or expenses as soon as they fall outside a defined corridor. The amounts that exceed the corridor are distributed across the expected overall term of the agreement. An independent insurance expert will appraise all material commitments and the assets used to cover them annually.

**Liabilities**
Trade accounts payable and other liabilities are reported at their nominal value or amortised cost.

**Financial Liabilities**
The financial liabilities include interest-bearing liabilities from loans and from finance lease transactions as well as short-term liabilities to banks. These are reported at their nominal value or amortised cost.

**Taxes**
Current income taxes are calculated on the basis of earnings before taxes taking into account the respective country-specific regulations governing the computation of taxable income.

Deferred tax assets and liabilities result from the differences between the amounts stated for assets and liabilities in the tax balance sheet and the consolidated financial statements, provided such differences are not permanent. The Group uses the liability method, according to which deferred tax assets or liabilities can be determined based on the legal principles that are either valid or actually in force on the balance sheet date. In this case the tax rates at the time of the projected tax realisation are applied. Deferred tax assets also result from accumulated tax losses that can be carried forward (tax loss carry forwards), which can be offset against subsequent taxable earnings.

Deferred tax assets on temporary differences and on tax losses brought forward are only recognised in an amount corresponding to the probability that in the foreseeable future there will be sufficient taxable income available and that the Group will derive a benefit from applying them to it. The foreseeable future is principally considered to be the next four financial years.

Deferred tax assets and liabilities are not discounted and are reported in the balance sheet as non-current assets and liabilities.

Other taxes, such as transaction taxes or taxes on wealth and capital, are shown as operating expenses.

**Personnel Figures**
Unless otherwise indicated, the personnel figures refer to the number of individuals employed. Part-time positions are not included on a pro rata basis. Trainees and interns are not included in the personnel figures.

**Segment Reporting**
All for One prepares its segment reporting in accordance with the »management approach« (IFRS 8). As a result, the Group is divided into the two business divisions »Integrated Solutions« and »HR Solutions«. An allocation formula is used to appropriately distribute to the two business divisions those Group expenses that cannot be directly allocated.

The service charges between segments (intersegment revenues) are made at prices comparable to those of independent business partners. All internal service charges are shown separately in the segment information and are eliminated accordingly under »consolidations«.

All operating assets and liabilities (except tax liabilities) that can be allocated either directly or on the basis of an objective allocation formula are reported in the respective segments.

The segment reporting by country is divided into the markets in Germany, Austria, Switzerland and the rest of Europe, thus reflecting those All for One sales markets in which the Group operates with its own companies.

**Integrated Solutions Segment**
The Integrated Solutions segment encompasses a full range of products and services geared towards end-to-end customer support that starts with management consulting and extends from software licenses, industry solutions, implementation and optimisation projects all the way to software consulting, outsourcing and managed services, and covers the entire spectrum of business processes.

**HR Solutions Segment**
The core of the HR Solutions segment is the human resources platform SAP ERP HCM (»Enterprise Resource Planning, Human Capital Management«), which forms the basis for providing comprehensive implementation, consulting and support services all the way to recurring HR outsourcing and HR business process outsourcing services.

**Cash Flow Statement**
The cash flow statement depicts an analysis of the changes in cash and cash equivalents. In accordance with IAS 7, the cash flow statement differentiates between cash flows from operating activities, investing activities and financing activities. The cash flow statement is derived from the Group balance sheet and income statement using the indirect method. Influences from changes in the scope of the consolidation, effects from the application of IFRS 5, as well as any currency-related valuation differences on the cash and cash equivalents, are reported separately.

**Contingent Liabilities**
Potential obligations for which the outflow of resources is considered improbable are not reported in the balance sheet and their potential projected financial effects (exposure) are reported as contingent liabilities.

## I. Risk Management

**Financial Risks**
Financial risk management is handled according to the principles established by the company. These govern the company's protection against currency, interest and credit risks, cash management and short-term and long-term financing. The goal is to reduce financial risks while weighing the hedging costs against the risks being taken. Derivative financial instruments to hedge the mainstream business may be used when deemed appropriate. In order to minimise the counterparty credit risk, transactions will only be made with first-class counterparts.

**Currency Risks**
Fluctuations in currency rates have an impact on the presentation of assets and liabilities in the consolidated financial statements that are prepared in euros, insofar as assets and liabilities are denominated in currencies other than the euro. This is why All for One strives to finance its assets in the same currency. Revenue recognition within the individual companies is made predominantly in the same currency as that used for expenses. To the extent deemed necessary, remaining risks involved in foreign-currency accounting are covered using currency transactions (futures, options). Foreign currency hedges are not being used at the present time.

**Changes in Interest Rate Risks**
There will be exposure to changes in interest rates as long as there are long-term, interest-bearing liabilities with variable interest rates. These risks are minimised by interest hedges. Interest rate hedging instruments are not currently being used as a result of expected continued low interest rates.

A reasonably possible change in interest rates of +/- 100 basis points would have an impact of -/+ KEUR 30 (prior year: -/+ KEUR 50) on Group earnings before taxes. The sensitivity analysis assumed that all other variables remain constant.

**Liquidity Risks**
All for One places the utmost importance on maintaining solvency at all times. Each company maintains an adequate amount of cash. The lead operating company All for One Midmarket AG also has liquidity reserves and unused operational funding lines of credit.

**Credit Risks**
Credit risks arise primarily from affording clients time to make payments and from the counterparty risk involved in financial transactions. The credit risks from providing services and products are addressed in part through commercial credit insurance, credit checks on customers, monitoring of accounts receivable and the implementation of regular reminder procedures.

## Explanatory Notes to the Consolidated Financial Statements

## J. Income Statement

The income statement was prepared according to the aggregate cost method.

**1. Sales Revenues**
Sales by type of revenue are depicted as follows:

| in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| Consulting | 37,463 | 32,801 |
| Outsourcing services | 35,504 | 31,394 |
| Software licenses | 14,005 | 11,769 |
| Hardware | 3,105 | 2,573 |
| Other sales | 77 | 249 |
| **Total** | **90,154** | **78,786** |

Sales revenues include deferred revenues of KEUR 5,420 (prior year: KEUR 3,675) determined by using the percentage of completion method. The cumulative expenses for ongoing projects valued using the percentage of completion method totalled KEUR 6,410 (prior year: KEUR 4,680) and the cumulative gains were KEUR 2,806 (prior year: KEUR 1,711).

The segment reporting provides additional breakdowns by business division and country.

**2. Other Operating Income**

| in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| Income from release of provisions and value adjustments | 249 | 384 |
| Marketing support | 228 | 341 |
| Income from disposal of assets | 7 | 57 |
| Investment tax credits | 34 | 32 |
| Other income | 450 | 588 |
| **Total** | **968** | **1,402** |

In the financial year 2010/11 investment tax credits of KEUR 34 were received for the financial year 2009/10. In the prior year investment tax credits totalling KEUR 32 were received for the short financial year 2009.

**3. Cost of Traded Goods and Third Party Services**

| in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| Third party services | 18,180 | 16,523 |
| Cost of traded goods | 11,233 | 9,304 |
| **Total** | **29,413** | **25,827** |

Third-party services mainly include expenses for SAP maintenance contracts. The cost of traded goods is primarily a result of the purchase of SAP software licensing rights and the procurement of hardware for customer projects.

**4. Personnel Expenses**

| in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| Salaries and wages | 33,627 | 30,175 |
| Social security contributions | 4,587 | 4,249 |
| Defined contribution plan expenses | 485 | 503 |
| Defined benefit plan expenses | 348 | 247 |
| Other personnel expenses | 134 | 253 |
| **Total** | **39,181** | **35,427** |

| PERSONNEL CAPACITY BY FUNCTION | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| Outsourcing services and consulting | 328 | 308 |
| Sales | 37 | 35 |
| Administration and management | 55 | 51 |
| **Total** | **420** | **394** |

The average number of people employed in the financial year 2010/11 was 454 (prior year: 423).

### 5. Post-Employment Benefit Liabilities

The following information provides an overview of the financial situation of the defined benefit plans as at 30 September 2011 and 2010:

| in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| **Benefit obligations at start of financial year** | **4,403** | **3,200** |
| Interest expense | 108 | 121 |
| Current service cost | 497 | 375 |
| Benefits | -435 | -20 |
| Actuarial profits/losses | -314 | -38 |
| Participant contributions | 73 | 246 |
| Foreign currency differences | 367 | 519 |
| **Benefit obligations at end of financial year** | **4,699** | **4,403** |
| **Market value of plan assets at start of financial year** | **-3,601** | **-2,582** |
| Expected return on plan assets | -81 | -91 |
| Company contributions | -163 | -176 |
| Participant contributions | -170 | -161 |
| Benefits | 434 | 20 |
| Contributions | -73 | -246 |
| Actuarial losses/profits | 111 | 74 |
| Foreign currency differences | -333 | -439 |
| **Market value of plan assets at end of financial year** | **-3,876** | **-3,601** |
| **Deficit** | **823** | **802** |
| Unconsidered actuarial losses | -263 | -453 |
| **Post-employment benefit liability at end of financial year** | **560** | **349** |

The changes in post-employment benefit liabilities are as follows:

| in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| **Post-employment benefit liability at start of financial year** | **349** | **267** |
| Expenses for benefit plans recognised in the income statement | 348 | 247 |
| Company contributions | -163 | -176 |
| Foreign currency differences | 26 | 11 |
| **Post-employment benefit liability at end of financial year** | **560** | **349** |

The following benefit expenses were recognised under personnel expenses:

| in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| Current service cost | 494 | 375 |
| Interest expense | 108 | 121 |
| Expected return on benefit plan assets | -85 | -91 |
| Amortised loss | 1 | 3 |
| **Gross benefit expense for the period** | **518** | **408** |
| Participant contributions | -170 | -161 |
| **Total expenses for benefit plans** | **348** | **247** |

The assumptions for the actuarial valuations differ for each individual plan, since they were made by taking into consideration the specific circumstances of the asset investment strategy and the personnel structure of the affiliated companies. The following table shows the key benchmarks of the plans that are included in the calculation and the average weighted assumptions on which the actuarial estimates of the defined benefit plans were based:

| in KEUR | 30.09.2011 | 30.09.2010 |
|---|---|---|
| Number of plans | 4 | 4 |
| of which with assets set aside | 2 | 2 |
| of which with no assets set aside | 2 | 2 |
| Number of individuals participating in the plans | 29 | 28 |
| of whom are active insurance participants | 29 | 28 |
| of whom are retired | 0 | 0 |
| Discount rate (weighted) | 2.55% | 2.30% |
| Expected return on plan assets (weighted) | 2.52% | 2.33% |
| Development of wages | 0 – 1.0% | 0 – 1.0% |
| Development of pensions | 0 – 2% | 0 – 2% |
| Average projected remaining working life of participants | 10 – 13 years | 10 – 14 years |
| Effective return on plan assets | -2.07% | 0.69% |

A discount rate of 4.98% was used for the German post-employment benefit plans. A discount rate of 2.45% was used for the Swiss post-employment benefit plans.

The following table shows how the defined benefit obligations are secured and the impact of variances between the expected and actual value of the plan assets over the past few years:

| in KEUR | 30.09.2011 | 30.09.2010 | 30.09.2009 | 31.12.2008* | 31.12.2007* |
|---|---|---|---|---|---|
| Plan assets | -3,876 | -3,601 | -2,582 | -22,204 | -24,424 |
| Obligations from benefit plans | 4,699 | 4,403 | 3,200 | 23,168 | 22,970 |
| **Deficit/surplus** | **823** | **802** | **618** | **964** | **-1,454** |
| Difference between the expected and actual value | 111 | 75 | 179 | -3,581 | 648 |
| Adjustments to benefit obligations | -526 | -552 | 142 | 242 | -37 |

* including discontinued operation

The average weighted distribution of the plan assets as at 30 September 2011 and 2010 is shown below:

| in % | 30.09.2011 | 30.09.2010 |
|---|---|---|
| Rented properties | 10 | 10 |
| Obligations CHF | 23 | 29 |
| Obligations other currencies | 15 | 13 |
| Shares Switzerland | 5 | 7 |
| Shares other countries | 15 | 12 |
| Liquid assets and other financial assets | 32 | 29 |
| **Total plan assets** | **100** | **100** |

The expected payments for All for One's post-employment benefit plans for the financial year 2011/12 are KEUR 183 (prior year: KEUR 176).

### 6. Depreciation and Amortisation

The amounts of depreciation and amortisation are determined by the changes in non-current assets (see statement of changes in non-current assets).

## 7. Other Operating Expenses

| in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| Vehicle costs | 3,461 | 2,956 |
| Data processing expenses | 4,382 | 3,841 |
| Cost of premises | 1,595 | 1,463 |
| Travel and overnight accommodation expenses | 1,575 | 1,319 |
| Marketing and advertising | 933 | 692 |
| Human resource management expenses | 841 | 745 |
| Other items | 1,960 | 1,885 |
| **Total** | **14,747** | **12,901** |

## 8. Financial Result

Financial income includes finance lease interest income in the amount of KEUR 386 (prior year: KEUR 526). Financial expense includes finance lease interest expenses in the amount of KEUR 144 (prior year: KEUR 195).

## 9. Income Tax

Tax expenses consist of the following:

| in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| Current tax expense | 811 | 748 |
| Deferred tax revenue (prior year: expense) | -984 | 27 |
| **Total** | **-173** | **775** |

| CURRENT TAX EXPENSES<br>in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| Current income tax for the reporting year | 842 | 737 |
| Current income and withholding taxes relating to prior periods | -31 | 11 |
| **Total** | **811** | **748** |

| REVENUE (PRIOR YEAR: EXPENSE) FROM DEFERRED TAXES<br>in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| Change in tax charge on undistributed profits for the reporting year | -22 | 10 |
| Change in timing differences for the reporting year | 69 | 20 |
| Recognition of tax assets from tax losses brought forward | -1,030 | 0 |
| Foreign currency differences | -1 | -3 |
| **Total** | **-984** | **27** |

Your attention is directed to deferred tax assets (note 14) and deferred tax liabilities (note 26) for details regarding changes in deferred tax assets and liabilities.

Current taxes are calculated on the basis of prevailing tax rates. In Germany the combined tax rate amounted to 30% (prior year: 30%) and comprises a corporate income tax rate of 15%, the solidarity surcharge of 5.5% on this corporate income tax and a municipal trade tax of 13.5%.

The following table shows a reconciliation of the expected and the actually reported tax expenses:

| in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| EBT | 4,991 | 2,793 |
| Expected tax expense/revenue at the rate of 30% | -1,497 | -838 |
| Temporary tax differences | -172 | -172 |
| Non-tax-deductible expenses/revenues | 2 | -43 |
| Capitalisation of tax losses brought forward | 1,030 | 0 |
| Current tax expenses/revenues relating to prior periods | 33 | -2 |
| Current tax losses not utilised | 0 | -82 |
| Use of uncapitalised tax losses brought forward for current year | 638 | 287 |
| Effect of different tax rates in foreign countries | 125 | 71 |
| Other effects | 14 | 4 |
| **Total** | **173** | **-775** |

The transition of the changes in deferred tax assets and liabilities to the expense/revenue from deferred taxes reported in the income statement is shown below:

| in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| Change in deferred tax assets | 899 | -140 |
| Change in deferred tax liabilities | 86 | 110 |
| **Total** | **985** | **-30** |
| Tax expense recorded in the income statement | 984 | -27 |
| Foreign currency differences | 1 | -3 |
| **Total** | **985** | **-30** |

### 10. Earnings per Share

Earnings per share were calculated based on the net annual earnings and the average number of shares outstanding (issued shares less treasury stock). An average number of 4,860,000 shares (prior year: 5,077,703) were outstanding in the financial year 2010/11.

The average number of shares (diluted) outstanding is the same as the average number of shares (undiluted) outstanding. The diluted earnings per share are therefore the same as the undiluted earnings per share.

## K. Notes to the Balance Sheet

### 11. Goodwill and Other Intangible Assets

The Group balance sheet as at 30 September 2011 reported goodwill with a balance sheet value of KEUR 4,981 and other intangible assets with a balance sheet value of KEUR 8,125. In order to determine if any assets may be impaired, the company estimated the expected cash flows from the use and eventual sale of the assets. The actual cash flows derived may vary from the projected cash flows and from the cash flows discounted to the balance sheet date. In particular, any departure of customers from the core client business accounted for in the balance sheet, and the subsequent lower-than-projected amount of products and services sold, may result in shortened useful lives and impairment.

**Impairment Testing of Goodwill and Trademark Rights**

For the purpose of performing impairment tests, All for One has designated the following companies as cash-generating units to which the respective goodwill and trademark rights are allocated. The value in use was applied when testing goodwill and trademark rights for impairment. The value in use of the future cash flows was determined using the discounted cash flow method, which does not take tax payments into consideration. As in the prior year, the applied discount rate built on the capital asset pricing model and was derived from the average weighted cost of equity and borrowed capital. The cost of equity is based on a risk-free capital-market interest rate for the respective period taking into consideration the Beta factor for the industry and a risk premium based on the relevant capital market. From this a pre-tax discount rate was derived based on the tax situation.

Current assets and earnings projections for the next five years have been prepared for the cash-generating units, which reflect and incorporate the company's latest estimates regarding how these units' sales and costs will develop. Prospective cash flow statements were derived from this and plausible assumptions were made about the further development in the years to follow that reflect a growth rate of 1%.

**Goodwill and Trademark Rights**

Goodwill increased by KEUR 114 to KEUR 4,981 as at 30 September 2011. This increase resulted from the retroactive adjustment to the goodwill of team HR Organisationsberatung GmbH, Düsseldorf, that was made due to a variable purchase price component (earnout).

No write-downs on goodwill were made in the reporting year.

| GOODWILL<br>in KEUR | 30.09.2011 | 30.09.2010 |
|---|---|---|
| All for One Midmarket Solutions & Services GmbH, Stuttgart (merged into the Group parent in September 2008) | 2,434 | 2,434 |
| Process Partner AG, St. Gallen/Switzerland | 1,596 | 1,596 |
| KWP Kümmel, Wiedmann + Partner Unternehmensberatung GmbH, Heilbronn | 365 | 365 |
| team HR Organisationsberatung Personalwirtschaft GmbH, Düsseldorf | 461 | 347 |
| All for One Midmarket Solutions & Services GmbH, Vienna/Austria | 125 | 125 |
| **Total** | **4,981** | **4,867** |

**Trademark rights** of the (former) All for One Midmarket Solutions & Services GmbH, Stuttgart, in the amount of KEUR 3,283 are reported under other intangible assets.

The goodwill and trademark rights were tested for impairment at the end of the financial year. This testing showed no impairment of the goodwill and trademark rights allocated to the cash-generating units as at 30 September 2011. The company believes, extraordinary events and circumstances aside, that a revision of its assumptions would not lead to the carrying amounts of the goodwill and trademark rights exceeding their respective recoverable amounts.

**KWP Kümmel, Wiedmann + Partner Unternehmensberatung GmbH, Heilbronn**: The implied average pre-tax discount rate is 8.36% (prior year: 8.96%).

**Process Partner AG, St. Gallen/Switzerland**: The implied average pre-tax discount rate is 7.49% (prior year: 8.11%).

**All for One Midmarket Solutions & Services GmbH, Vienna/Austria**: The implied average pre-tax discount rate is 8.12% (prior year: 8.76%).

**(Formerly) All for One Midmarket Solutions & Services GmbH, Stuttgart**: The implied average pre-tax discount rate is 8.20% (prior year: 9.13%).

**team HR Organisationsberatung Personalwirtschaft GmbH, Düsseldorf:** The implied average pre-tax discount rate is 8.82% (prior year: 10.25%).

| OTHER INTANGIBLE ASSETS<br>in KEUR | Purchase price | Additions reporting year | Estimated useful life Months | Remaining useful life Months | Net carrying amount |
|---|---|---|---|---|---|
| Customer base of former All for One Midmarket Solutions & Services GmbH, Stuttgart | 6,283 | 0 | 18 – 180 | 100 | 3,873 |
| Trademark rights of former All for One Midmarket Solutions & Services GmbH, Stuttgart | 3,283 | 0 | infinite | infinite | 3,283 |
| Customer base of KWP Kümmel, Wiedmann + Partner Unternehmensberatung GmbH, Heilbronn | 374 | 0 | 120 | 29 | 128 |
| Preferred partnership agreement | 655 | 0 | 72 | 3 | 27 |
| Customer base of KWP Austria GmbH, Vienna/Austria | 123 | 0 | 96 | 5 | 22 |
| Customer base of All for One Midmarket Solutions & Services GmbH, Vienna/Austria | 133 | 0 | 96 | 10 | 44 |
| Customer base of team HR Organisationsberatung Personalwirtschaft GmbH, Düsseldorf | 628 | 0 | 120 | 93 | 487 |
| Internal SAP solutions | 128 | 0 | 60 | 39 | 63 |
| Other acquired intangible assets | 1,637 | 146 | 12 – 72 | 0 – 48 | 198 |
| **30 September 2011** | **13,244** | **146** | | | **8,125** |

**12. Tangible Fixed Assets**

Your attention is directed to the statement of changes in non-current assets regarding the composition of tangible fixed assets.

The land and buildings pertain to a Belgian Group company's commercial building.

Also included under leasehold improvements are those improvements over which the lessor has since assumed legal ownership, but which remain in the beneficial ownership of the lessee for the term of the lease. The useful life for depreciation purposes is the shorter of the remaining term of the lease or the useful life.

The other tangible fixed assets include office machines and equipment, office furniture and furnishings, as well as company cars.

The lessor has legal ownership of the tangible fixed assets in the amount of KEUR 1,126 (prior year: KEUR 2,029) under finance leases.

**13. Non-Current Financial Assets**

Non-current financial assets primarily comprise receivables from finance lease contracts in the amount of KEUR 3,535 (prior year: KEUR 3,494), deposits paid in the amount of KEUR 18 (prior year: KEUR 15) and other loans in the amount of KEUR 21 (prior year: KEUR 29).

There are no finance lease contracts with a remaining term of more than five years. The share of unrealised interest in the income from finance leases is KEUR 395 (prior year: KEUR 516).

The average remaining term of the lease receivables is approximately 27 months (prior year: 27 months) for the contracts of AC Automation Center Sàrl, Luxemburg/Luxemburg.

**14. Deferred Tax Assets**

| in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| **At start of financial year** | **3,011** | **3,151** |
| Change in capitalised loss carry forwards | 1,030 | 0 |
| Change in taxable goodwill | -172 | -172 |
| Other increases | 36 | 31 |
| Other decreases | 0 | -3 |
| Foreign currency differences | 4 | 4 |
| **At end of financial year** | **3,909** | **3,011** |

**Temporary Differences and Assets from Deferred Taxes**

| in KEUR | Loss carry forward / temporary differences 30.09.2011 | Deferred tax assets 30.09.2011 | Loss carry forward / temporary differences 30.09.2010 | Deferred tax assets 30.09.2010 |
|---|---|---|---|---|
| German tax loss carry forwards | 7,000 | 2,100 | 3,667 | 1,100 |
| Austrian tax loss carry forwards | 464 | 116 | 344 | 86 |
| Taxable goodwill | 5,168 | 1,550 | 5,742 | 1,723 |
| Post-employment benefit liabilities | 462 | 87 | 272 | 54 |
| Other timing differences | 189 | 56 | 158 | 48 |
| **Total** | **13,283** | **3,909** | **10,183** | **3,011** |

As at the balance sheet date, All for One Midmarket AG had corporation tax loss carry forwards of KEUR 10,579 (prior year: KEUR 17,578) and municipal trade tax loss carry forwards of KEUR 10,367 (prior year: KEUR 16,491). According to the tax provisions of § 8c »Körperschaftsteuergesetz«, which are presently subject to considerable legal uncertainty, a significant amount of these loss carry forwards has been eliminated due to the change in shareholders in the current financial year. The company considers the reported amount to be plausible.

Of the loss carry forwards above, an amount of EUR 7.0 million was recognised for corporate income tax and municipal trade tax purposes when capitalising the deferred tax assets. Based on All for One Midmarket AG's current planning, the company considers it probable that the loss carry forwards can be utilised in this amount in the coming years. The deferred tax assets on loss carry forwards were increased by KEUR 1,000 to KEUR 2,100 compared to the prior year due to the company's taxable earnings expectations having been raised.

The subsidiary All for One Midmarket Solutions & Services GmbH, Vienna/Austria, has a tax loss carry forward of KEUR 3,979 (prior year: KEUR 4,103) that was capitalised as a deferred tax asset in the amount of KEUR 116 (prior year: KEUR 86).

Recognition of deferred tax assets is made on the basis of each respective company's budget. These budgets are revised annually and require a variety of estimations. These estimations may change as a result of changes in the market, competitive environment, customer structure and general economic situation. There is a great deal of volatility involved in recognising deferred tax assets in light of the regular reassessments that are made.

### 15. Current and Deferred (Income) Tax Assets and Liabilities

As at 30 September 2011, All for One showed net liabilities from current income taxes in the amount of KEUR 191 and net liabilities from deferred taxes in the amount of KEUR 202. The management board has to make far-reaching estimates to determine the receivables and liabilities relating to current income taxes and deferred taxes. These estimates are based among other things on the interpretation of each country's prevailing tax laws and regulations. The management board makes estimates about the subsidiaries' future taxable earnings situation both upon the initial recognition and regular determination of deferred tax assets from chargeable tax loss carry forwards. Numerous internal and external factors can have favourable or unfavourable impacts on the assets and liabilities from deferred income taxes. Changes can also be attributable to amendments in tax legislation, final tax assessment notices and the favourable or less-favourable way that the taxable income projections for the subsidiaries develop. Such factors may necessitate adjustments in the reported income tax assets and liabilities.

### 16. Inventories

Inventories mainly consist of hardware held for sale in the amount of KEUR 282 (prior year: KEUR 180), work in process of KEUR 298 (prior year: KEUR 130) and software held for sale in the amount of KEUR 70 (prior year: KEUR 51).

### 17. Trade Accounts Receivable

| in KEUR | 30.09.2011 | 30.09.2010 |
|---|---|---|
| Accounts receivable from BEKO Group | – | 5 |
| Accounts receivable from other third parties | 15,851 | 12,854 |
| Value adjustments | -312 | -365 |
| **Total** | **15,539** | **12,494** |

Trade accounts receivable include construction contracts with a credit balance due from customers in the amount of KEUR 869 (prior year: KEUR 335).

### Changes in Allowances for Doubtful Accounts

The KEUR 365 in allowances for doubtful accounts as at 30 September 2010 was reversed by KEUR 73, utilised in the amount of KEUR 126 and increased by KEUR 146. This resulted in an allowance for doubtful accounts in the amount of KEUR 312 as at 30 September 2011.

The following table shows the breakdown of trade accounts receivable not yet due and overdue based on the terms agreed to with the customers and the age structure of the receivables:

| in KEUR | 30.09.2011 | 30.09.2010 |
|---|---|---|
| **Total gross trade accounts receivable** | **15,851** | **12,859** |
| Thereof: | | |
| Not yet due | 7,916 | 4,763 |
| Due under 1 month | 5,702 | 5,510 |
| Due between 1 and 3 months | 1,517 | 1,695 |
| Due between 3 and 6 months | 188 | 218 |
| Due between 6 and 12 months | 110 | 224 |
| Due after 12 months | 418 | 449 |
| | | |
| Allowance for doubtful accounts | -312 | -365 |
| **Total net trade accounts receivable** | **15,539** | **12,494** |

The allowances for doubtful accounts are determined based on the difference between the nominal value of the accounts receivable and their estimated net recoverable amounts and apply to receivables with a maturity of more than twelve months.

The trade accounts receivable of KWP Kümmel, Wiedmann + Partner Unternehmensberatung GmbH, Heilbronn, are pledged to the financing bank through a blanket assignment, which serves as security for a current account and aval credit line in the amount of KEUR 257 (prior year: KEUR 257) and two loan agreements for a nominal amount of KEUR 390 (prior year: KEUR 390) (see note 25, Financial Liabilities). The receivables as at 30 September 2011 totalled KEUR 1,471 (prior year: KEUR 1,342).

The trade accounts receivable of All for One Midmarket AG, Filderstadt, are pledged to the financing bank through a blanket assignment. The blanket assignment is used to secure a loan agreement for a nominal amount of EUR 4.0 million (see note 25, Financial Liabilities). The receivables as at 30 September 2011 totalled KEUR 7,881 (prior year: KEUR 7,225).

### 18. Current Financial Assets

The current financial assets mainly include receivables from finance lease contracts in the amount of KEUR 2,508 (prior year: KEUR 2,482), from advances, loans and entitlements from holiday pay to employees in the amount of KEUR 74 (prior year: KEUR 84) and from security deposits in the amount of KEUR 14 (prior year: KEUR 17). There were neither receivables from interest hedges nor from other financial assets as at the balance sheet date.

The amounts reported under finance leases include that share of the income from the finance leases that is due within twelve months. The unrealised share of interest therein totalled KEUR 75 (prior year: KEUR 91).

### 19. Other Current Assets

| in KEUR | 30.09.2011 | 30.09.2010 |
|---|---|---|
| Prepaid services | 524 | 401 |
| Other accounts receivable | 280 | 339 |
| **Total** | **804** | **740** |

### 20. Cash and Cash Equivalents

| in KEUR | 30.09.2011 | 30.09.2010 |
|---|---|---|
| Cash assets | 17,080 | 13,513 |
| Financial investments with an original fixed term of under 90 days | 893 | 3,820 |
| Cash on hand | 6 | 7 |
| **Total** | **17,979** | **17,340** |

The average interest on bank deposits was 0.80% (prior year: 0.70%). Of the cash and cash equivalents, 91.4% (prior year: 92.6%) is denominated in EUR, 8.1% (prior year: 7.0%) in CHF and 0.5% (prior year: 0.4%) in CZK.

**Cash and Cash Equivalents as at 30 September 2011 for the Cash Flow Statement**

| in KEUR | 30.09.2011 | 30.09.2010 |
|---|---|---|
| Cash and cash equivalents according to the balance sheet | 17,979 | 17,340 |
| Less cash and cash equivalents not disposable | -30 | -149 |
| **Total cash and cash equivalents accounted for in the cash flow statement** | **17,949** | **17,191** |

A bank guarantee for the benefit of a managing director of a subsidiary was obtained in order to secure an obligation from a severance agreement with the managing director in place since 1 January 2007. Because of this bank guarantee, KEUR 30 (prior year: KEUR 149) of the cash and cash equivalents were not at the disposal of All for One as at 30 September 2011.

**21. Shareholders' Equity**
The issued share capital is divided into 4,860,000 registered, no-par-value shares (individual share certificates) and has been fully paid in.

On the basis of authorisations granted by the annual general meetings in the years 2001, 2003, 2004, 2009 and 2010, the management board, with the approval of the supervisory board, decided on 20 December 2010 to cancel 540,000 previously acquired shares of treasury stock and to reduce the amount of share capital accordingly. In the financial year the number of issued shares thus declined from 5,400,000 to 4,860,000 registered shares and the company's share capital was reduced from EUR 16,200,000 to EUR 14,580,000. The arithmetic nominal value of the shares outstanding remains unchanged at EUR 3.00 per share.

The share capital attributable to the cancelled shares – an amount of EUR 1.62 million – was transferred to the capital reserve.

One of the items approved by the annual general meeting of 16 March 2011 was a dividend of 15 euro cents per share plus a special dividend of an additional 15 euro cents per share, which were distributed in an amount of EUR 1,458,000 on the following day.

The annual general meeting also approved resolutions – each effective until 15 March 2016 – creating a new authorised capital totalling EUR 7,290,000 and granting the authority to repurchase company stock. Neither of these two resolutions were made use of during the reporting period.

All for One's capital is governed by the cost of equity. Investments and acquisitions will continue to be made with borrowed capital as long as borrowing costs are lower than the cost of equity. Variable interest rates were agreed to as part of the loans. No interest hedges are being used. The lenders are authorised to raise the interest rate and terminate the loans and call them due immediately as necessary should certain events (»covenants«) described in the loan agreements occur. The covenants pertain in particular to maintaining a predetermined dynamic gearing ratio, a cash cover ratio and a minimum equity ratio. All figures are calculated and evaluated at Group level. The board of directors exercises the utmost diligence in complying with loan agreement terms and requirements and monitors the development in interest rates very closely. All for One Midmarket AG has otherwise not established any quantitative goals for managing its capital. Therefore no statements can be made regarding goal achievement.

All for One aims to use its dividend policy to enable shareholders to partake directly in the company's earnings and cash flow. However, the basic premise is to always maintain adequate financial flexibility for greater business performance and additional inorganic growth.

All for One Midmarket AG is not required to comply with certain regulatory internal-fund stipulations.

The currency translation reserve increased due to the strong Swiss franc.

**22. Treasury Stock**

With the cancellation of 540,000 treasury shares, All for One Midmarket AG no longer held any treasury stock as at 30 September 2011 (prior year: 540,000 shares).

| TREASURY STOCK | 30.09.2011 | 30.09.2010 |
|---|---|---|
| Number of repurchased treasury shares | – | 540,000 |
| Average cost price in EUR | – | 4.36 |
| Highest price paid in EUR | – | 5.09 |
| Lowest price paid in EUR | – | 3.45 |
| Cost price of repurchased treasury shares, KEUR | – | 2,354 |
| Amount of nominal capital allotted to treasury shares, KEUR | – | 1,620 |
| Percentage of treasury shares to nominal capital | – | 10.00% |

**23. Minority Interests**

| in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| **At start of financial year** | **1,139** | **1,069** |
| Distribution to minority interests | -117 | -14 |
| Cash flow from minority interests | 120 | 0 |
| Profit share of current year | 405 | 100 |
| Change in minority interest | 95 | -16 |
| **At end of financial year** | **1,642** | **1,139** |

These pertain to a 44% interest in KWP Kümmel, Wiedmann + Partner Unternehmensberatung GmbH, Heilbronn, and its subsidiaries.

**24. Provisions**

| in KEUR | 01.10.2010 | Provisons made | Provisions used | Provisions reversed | Reclassi-fication | 30.09.2011 |
|---|---|---|---|---|---|---|
| Severance payments Austria | 39 | 2 | 0 | -31 | 0 | 10 |
| Variable purchase price component team HR | 118 | 114 | -112 | 0 | 0 | 120 |
| Other severance payments | 207 | 0 | -177 | 0 | 0 | 30 |
| Guarantee and damages cases | 51 | 1 | 0 | -20 | 0 | 32 |
| Dilapidation reserves | 4 | 2 | 0 | 0 | 0 | 6 |
| **Total** | **419** | **119** | **-289** | **-51** | **0** | **198** |
| Long-term (> 12 months) | 184 | 118 | -112 | -31 | -23 | 136 |
| Short-term (< 12 months) | 235 | 1 | -177 | -20 | 23 | 62 |
| **Total** | **419** | **119** | **-289** | **-51** | **0** | **198** |

When establishing provisions, the management board estimated the probability and the amount of the anticipated outflow of resources for the respective obligations and circumstances. Provisions are recognised on the basis of estimates regarding the probable outflow of economic resources. These estimates are reviewed at each balance sheet date. In the case of long-term provisions, the expected future cash outflows are discounted when the effect is material. Provisions are also accrued for contractual obligations where the unavoidable costs involved in fulfilling or terminating them are greater than the expected benefits and proceeds (so-called onerous contracts).

**Severance Payments Austria**

This item pertains to statutory entitlements to severance payments or redundancies in cases of regular retirement or severance actions initiated by the company in Austria. Recognised values are based on actuarial calculations.

**Earnout for team HR Organisationsberatung Personalwirtschaft GmbH, Düsseldorf**

The variable purchase price component (earnout) for team HR Organisationsberatung Personalwirtschaft GmbH, Düsseldorf, is reported unchanged at fair value in the provisions (see note 33, Contingent Liabilities).

**Severance Payments**
Provisions for severance payments are recognised when existing employment relationships must be terminated for operational reasons or dissolved by mutual consent. The amount of such severance payments is not always established definitively at the time the balance sheet is prepared. In such cases, provisions are recognised in the amount that would be expected to be paid were the matter to be settled through a legal process.

**25. Financial Liabilities**

| in KEUR | Total liabilities | Due under 1 year | Due between 1 and 5 years | Due after 5 years |
|---|---|---|---|---|
| Future payments for finance leases | 1,780 | 1,121 | 659 | 0 |
| Interest thereof | -111 | -35 | -76 | 0 |
| Finance lease liabilities | 1,669 | 1,086 | 583 | 0 |
| Bank loans | 3,695 | 2,090 | 1,605 | 0 |
| **Total as at 30 September 2011** | **5,364** | **3,176** | **2,188** | **0** |
| Future payments for finance leases | 2,390 | 1,027 | 1,363 | 0 |
| Interest thereof | -199 | -35 | -164 | 0 |
| Finance lease liabilities | 2,191 | 992 | 1,199 | 0 |
| Bank loans | 5,352 | 157 | 5,195 | 0 |
| **Total as at 30 September 2010** | **7,543** | **1,149** | **6,394** | **0** |

In the financial year 2008, All for One Midmarket AG concluded a loan agreement with the Baden-Württembergische Bank for an amount of EUR 4.0 million and a loan agreement with the Commerzbank AG for an amount of EUR 5.0 million, of which a total of EUR 3.5 million had been utilised as at 30 September 2011 (as at 30 September 2010: EUR 5.0 million). In addition, there were credit lines (operational funding lines of credit) totalling EUR 4.5 million as at the balance sheet date, of which an amount of EUR 0.2 million had been utilised as at the balance sheet date.

Principal repayments in the amount of EUR 1.5 million from the two loan agreements, which were not yet due, were paid early in the financial year 2010/11.

The term of the loan agreement with the Commerzbank AG ends on 30 June 2012 and the term of the loan agreement with the Baden-Württembergische Bank ends on 30 June 2013. The agreed fixed repayments began in 2009 and are made respectively on 30 June and on 31 December of each year. The amount of each of the repayments increases in stages. Early unscheduled repayments may be made. The interest rates are based on the EURIBOR (Euro Interbank Offered Rate) plus an interest add-on of between 1 and 2 percentage points. There are also covenants that have to be fulfilled.

A senior pledge of the business interests in AC Automation Center SA/NV, Zaventem/Belgium, and in AC Automation Center Sàrl, Luxemburg/Luxemburg, serve as security for the loan and the line of credit from the Commerzbank AG, and are recognised with a book value of investment of KEUR 1,533 and KEUR 6,250 respectively.

The assignment of the trade account receivables of All for One Midmarket AG serves as security for the loan from the Baden-Württembergische Bank.

There were also two loans with the Volksbank Flein-Talheim eG as of the balance sheet date. The one loan in the amount of KEUR 150 ends on 30 September 2013 and has an interest rate of 6.5%. The principal repayment rates of KEUR 2.5 are paid monthly. The other loan in the amount of KEUR 240 ends on 30 December 2013 and has an interest rate of 4.5%. The principal repayment rates of KEUR 5 are paid monthly. There is also a credit line (operational funding line of credit) totalling EUR 0.3 million, which was utilised in the amount of EUR 0.1 million.

The assignment of the trade accounts receivable of KWP Kümmel, Wiedmann + Partner Unternehmensberatung GmbH, Heilbronn, serves as security for the loans and the line of credit.

There are no other contractual guarantees or obligations in place.

The average weighted interest rate for lease liabilities during the reporting period was 7.02% (prior year: 7.50%). The lease payments are established at the beginning of the contract and are not subject to changes in the instalment amount or interest rate for the duration of the term.

The borrowings from banks as at 30 September 2011 comprise KEUR 3,695 (prior year: KEUR 5,285) in loan agreements and KEUR 0 (prior year: KEUR 67) in liabilities on current accounts.

As at the balance sheet date, the All for One Group had approved lines of credit at banks in the amount of KEUR 4,757 (prior year: KEUR 4,757).

Aval guarantees for rental security deposits are being utilised in the amount of KEUR 241 (prior year: KEUR 241). In the prior year use was made of a current account credit facility totalling KEUR 67 and performance bonds in the amount of KEUR 149.

## 26. Deferred Tax Liabilities

| in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| **At start of financial year** | **3,793** | **3,903** |
| Reduction in (prior year: addition to) undistributed profits | -22 | 10 |
| Reductions in timing differences | -232 | -282 |
| Additions to timing differences | 166 | 162 |
| Foreign currency differences | 2 | 0 |
| **At end of financial year** | **3,707** | **3,793** |

### Deferred Income Tax Liabilities

| in KEUR | Temporary differences 30.09.2011 | Deferred tax liabilities 30.09.2011 | Temporary differences 30.09.2010 | Deferred tax liabilities 30.09.2010 |
|---|---|---|---|---|
| Intangible assets | 7,996 | 2,400 | 8,687 | 2,606 |
| Financial assets | 3,236 | 958 | 3,070 | 910 |
| Tangible fixed assets | 72 | 27 | 23 | 4 |
| Trade accounts receivable | 764 | 221 | 488 | 139 |
| Provisions | 123 | 24 | 119 | 26 |
| Undistributed profits | 225 | 67 | 293 | 89 |
| Other timing differences | 24 | 10 | 65 | 19 |
| **Total** | **12,440** | **3,707** | **12,745** | **3,793** |

## 27. Other Liabilities

| in KEUR | 30.09.2011 | 30.09.2010 |
|---|---|---|
| Personnel obligations | 6,274 | 5,041 |
| Other tax liabilities | 1,269 | 1,117 |
| Advanced payment on maintenance charges | 1,809 | 1,749 |
| Other liabilities | 2,260 | 1,251 |
| **Total** | **11,612** | **9,158** |
| Short-term element thereof | 11,612 | 9,145 |
| Long-term element thereof | 0 | 13 |

The item »personnel obligations« relates predominately to liabilities from unused holiday leave, as yet unpaid variable compensation components, commissions, flexitime and overtime payments, partial retirement work arrangements, bonuses and obligations to social security providers.

Other liabilities are reported exclusively as nominal amounts.

## 28. Trade Accounts Payable

The trade accounts payable include the gross amount due to customers for contract work as a liability in the amount of KEUR 66 (prior year: KEUR 183). The general payment term for trade accounts payable is 0 to 60 days.

## 29. Additional Information about Financial Instruments

### Measurement Categories as at 30 September 2011

| in KEUR | Carrying amount 30.09.2011 | Amount recognised in balance sheet IAS 39* | Balance sheet IAS 17** |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 17,979 | 17,979 | |
| Trade accounts receivable | 13,861 | 13,861 | |
| Receivables from finance leases | 6,044 | | 6,116 |
| Other receivables | 3,098 | 3,098 | |
| **Equity and liabilities** | | | |
| Trade accounts payable | 5,243 | 5,243 | |
| Bank loans | 3,695 | 3,695 | |
| Finance lease liabilities | 1,669 | | 1,692 |
| Other liabilities | 2,260 | 2,260 | |

* amortised cost
** market value at balance sheet date

### Measurement Categories as at 30 September 2010

| in KEUR | Carrying amount 30.09.2010 | Amount recognised in balance sheet IAS 39* | Balance sheet IAS 17** |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 17,340 | 17,340 | |
| Trade accounts receivable | 11,706 | 11,706 | |
| Receivables from finance leases | 5,976 | | 6,206 |
| Other receivables | 885 | 885 | |
| **Equity and liabilities** | | | |
| Trade accounts payable | 5,305 | 5,305 | |
| Bank loans | 5,352 | 5,352 | |
| Finance lease liabilities | 2,191 | | 2,264 |
| Other liabilities | 1,251 | 1,251 | |

* amortised cost
** market value at balance sheet date

Cash and cash equivalents, trade accounts receivable and payable, as well as other receivables and other liabilities largely have short remaining terms or are subject to variable interest rates that follow the market interest rates. This is why their carrying amounts as at the balance sheet date correspond approximately to their fair values.

The fair values of the receivables from finance leases correspond to the present values of the payments associated with the assets. Current interest parameters that reflect market-related changes in terms and expectations were used as the basis for determining the fair values. The fair values of the finance lease liabilities are determined similarly.

## 30. Discontinued Operation

The 95% ownership stake in the subsdidiary AC-Service (Schweiz) AG, Wettingen/Switzerland, was sold on 31 August 2009. In connection with this sale, All for One Midmarket AG acquired subsequent purchase price entitlements, which were reported in the financial year 2010/11 as earnings from and assets of the discontinued operation in line with the presentation of prior years. The earnings from the discontinued operation pertain to the equity holders of the parent exclusively.

## 31. Related Parties

### CROSS Informatik GmbH and their Group Companies

At the balance sheet date, CROSS Informatik GmbH, Wels/Austria, held an interest of more than 50% of the share capital of All for One Midmarket AG, Filderstadt.

CROSS Informatik GmbH, Wels/Austria, as the majority shareholder, prepares the consolidated financial statements for the smallest and largest group of companies in which All for One Midmarket AG, Filderstadt, is included.

No revenues were generated with or expenses received from CROSS Informatik GmbH or its group companies from the time it was established (12 March 2011) until 30 September 2011.

**CROSS Industries AG and their Group Companies**
CROSS Industries AG, Wels/Austria, holds a sizable interest in BEKO HOLDING AG, Nöhagen/Austria, so that it exercises an indirect material influence over All for One.

IT service revenues in the amount of KEUR 616 (prior year: KEUR 439) were generated with CROSS Industries AG group companies during the reporting year. There are no outstanding balances as at the balance sheet date.

**BEKO HOLDING AG and their Group Companies**
As at 31 March 2011, BEKO HOLDING AG, Nöhagen/Austria, held an interest of more than 50% of the share capital of All for One Midmarket AG, Filderstadt.

From 1 October 2010 to 31 March 2011, sales revenues of KEUR 43 (prior year: KEUR 78) were generated with BEKO HOLDING AG group companies in connection with support relating to the applications deployed and the operation of an SAP R/3 system. The balances outstanding as at 31 March 2011 totalled KEUR 6.

In return, All for One purchased services and paid rental fees in an amount of KEUR 34 (prior year: KEUR 62) from group companies of BEKO HOLDING AG.

All business transactions with BEKO HOLDING AG and CROSS Industries AG and its group companies were made on the basis of terms and conditions that would apply among independent business partners.

**Members of the Supervisory Board**
The following individuals were members of the supervisory board during the reporting year:

Peter Brogle (independent corporate consultant, chairman), Peter Fritsch (CFO of BEKO HOLDING AG, Nöhagen/Austria, and member of control bodies in other BEKO Group companies, deputy chairman), Josef Blazicek (managing director of Blazicek GmbH, Vienna/Austria).

During the reporting year, the supervisory board members were also members of the supervisory boards and control bodies of the following companies in terms of § 125, section 1, sentence 3 »Aktiengesetz«:

**Peter Brogle**: alupak AG, Belp/Switzerland (member of the administrative board), Nahrin AG, Sarnen/Switzerland (member of the administrative board), Similasan AG, Jonen/Switzerland (member of the administrative board), Swissburg AG, Baar/Switzerland (president of the administrative board), TRIPLAN AG, Bad Soden/Germany (chairman of the supervisory board).

**Peter Fritsch**: TRIPLAN AG, Bad Soden/Germany (deputy chairman of the supervisory board).

**Josef Blazicek**: CROSS Industries AG, Wels/Austria (deputy chairman of the supervisory board), CROSS Motorsport Systems AG, Wels/Austria (member of the supervisory board), CROSS Immobilien AG, Wels/Austria (member of the supervisory board), update software AG, Vienna/Austria (member of the supervisory board), Pankl Racing Systems AG, Kapfenberg/Austria (member of the supervisory board), BEKO HOLDING AG, Nöhagen/Austria (chairman of the supervisory board), Brain Force Holding AG, Vienna/Austria (member of the supervisory board).

**Compensation for Supervisory Board**
Total fixed compensation for the supervisory board was as follows:

| COMPENSATION FOR SUPERVISORY BOARD<br>in KEUR | 10/2010 – 9/2011 | 10/2009 – 9/2010 |
|---|---|---|
| Peter Brogle | 36 | 30 |
| Peter Fritsch | 19 | 17 |
| Josef Blazicek | 12 | 11 |
| **Total** | **67** | **58** |

The members of the supervisory board also receive reimbursement for their expenses.

The compensation system for the supervisory board is as follows:

The members of the supervisory board receive a fixed remuneration in the amount of KEUR 8 for each full financial year of membership in the supervisory board. The supervisory board members are also paid an attendance allowance in the form of a fixed fee for each meeting of the supervisory board or one of its committees that they attend, as well as for each meeting they attend with the management board that is held outside of a meeting of the supervisory board. The attendance allowance is EUR 400 for each meeting of up to four hours in duration and EUR 800 for each meeting of more than four hours in duration. The chairman of the supervisory board receives twice the amount, and the deputy chairman of the supervisory board one and a half times the amount of the basic remuneration and the attendance allowance.

Performance-related components are not included in the compensation for the supervisory board. Payment of the total fixed compensation for the supervisory board will be made in the financial year 2011/12 and is reported under »Other Liabilities« as at 30 September 2011.

**Members of the Management Board**
During the reporting year, the management board consisted of Lars Landwehrkamp (CEO) and Stefan Land (CFO). Membership by management board members in control bodies in terms of § 125, section 1, sentence 3 »Aktiengesetz« are limited to various companies within All for One Midmarket AG. The compensation for the management board members for all of their employment relationships in companies included within the scope of the consolidation for the financial year 2010/11 include salaries, bonuses (performance-related components) and benefits in kind from the use of company cars, insurance and pension plans.

**Compensation for Management Board**

| in KEUR | Lars Landwehrkamp (CEO) | Stefan Land | **Total** |
|---|---|---|---|
| **Compensation 10/2010 – 9/2011** | | | |
| Fixed compensation | 300 | 218 | 518 |
| Variable compensation* | 384 | 212 | 596 |
| Other compensation** | 46 | 16 | 62 |
| **Total** | **730** | **446** | **1,176** |
| **Compensation 10/2009 – 9/2010** | | | |
| Fixed compensation | 300 | 204 | 504 |
| Variable compensation | 227 | 128 | 355 |
| Other compensation** | 46 | 16 | 62 |
| **Total** | **573** | **348** | **921** |

* variable compensation based on estimates for the financial year 2010/11
** benefits in kind from use of company cars, insurances and pension plans

The compensation system for members of the management board is described in detail in the Group Management Report. The amounts stated for the performance-based compensation component for the reporting year are estimates. Actual amounts paid may deviate from these figures. The variable compensation component of the prior year was paid out in an amount of KEUR 355 during the current financial year, and was therefore exactly the same as the estimated amount stated in the prior-year financial statements.

No loans were extended and no options for shares of All for One Midmarket AG were granted to the management board during the reporting year. Unusual transactions with related parties did not take place.

**32. Other Financial Liabilities not Reported on the Balance Sheet**

The financial obligations from »Operating Leases« not reported on the balance sheet primarily consist of leases for company cars and the leasing of EDP infrastructure (predominantly hardware and operating software). The lease periods range from 1 to 10 years. These obligations are as follows:

| OPERATING LEASES<br>in KEUR | 30.09.2011 | 30.09.2010 |
|---|---|---|
| 2010/2011 | – | 1,607 |
| 2011/2012 | 1,998 | 888 |
| 2012/2013 | 1,595 | 530 |
| 2013/2014 | 746 | 56 |
| 2014/2015 | 1 | 0 |
| 2015/2016 | 0 | 0 |
| 2016/2017 and later | 0 | – |
| **Total** | **4,340** | **3,081** |

In addition there are other unreported financial obligations, particularly from rental agreements, as shown below:

| RENTAL AGREEMENTS<br>in KEUR | 30.09.2011 | 30.09.2010 |
|---|---|---|
| 2010/2011 | – | 2,198 |
| 2011/2012 | 2,222 | 1,986 |
| 2012/2013 | 1,968 | 1,836 |
| 2013/2014 | 1,631 | 1,579 |
| 2014/2015 | 1,454 | 1,404 |
| 2015/2016 | 1,378 | 4,161 |
| 2016/2017 and later | 2,892 | – |
| **Total** | **11,545** | **13,164** |

The finance lease liabilities are included under financial liabilities (see note 25, Financial Liabilities).

**33. Contingent Liabilities**

In addition to a fixed purchase price component, a variable purchase price component (earnout) that depends on the amount of the EBT in the years 2009 to 2011 was agreed to in connection with the purchase of the shareholdings in team HR Organisationsberatung Personalwirtschaft GmbH, Düsseldorf. From the maximum variable purchase price component to be rendered, the probable share in the amount of KEUR 120 as based on current estimates was allocated to provisions.

**34. Currency Hedges**

Revenues generated by the individual companies are predominantly made in the same currency in which expenses are incurred. Therefore, no currency hedges were undertaken in the years 2010 and 2011.

**35. Notifications about Changes in the Share of Voting Rights in All for One Midmarket AG according to § 21, Section 1 »Wertpapierhandelsgesetz« in the Financial Year 2010/11**

As a result of the decision made by the annual general meeting of BEKO HOLDING AG on 4 February 2011, 61.90% of the 73.01% of the shares that BEKO HOLDING AG held in All for One Midmarket AG have been transferred as part of a split-off to the newly formed CROSS Informatik GmbH, which has now become the majority shareholder of All for One. The compulsory announcements listed below are attributable primarily to this change in the company's shareholders:

**All for One Midmarket AG**, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 informs according to Article 26, Section 1 Sentence 2 of the WpHG that its Voting Rights in own shares have fallen below the 10%, 5% and 3% limit of the Voting Rights on December 20, 2010 and on that day amounted to 0.00% (this corresponds to 0 Voting Rights).

On December 20, 2010, **BEKO Holding AG**, Nöhagen, Austria, has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on All for One Midmarket AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000, have fallen below the 75% limit of the Voting Rights on December 20, 2010 and on that day amounted to 73.01% (this corresponds to 3,548,336 Voting Rights).

**All for One Midmarket AG** hereby announces that at the end of the month December 2010 the number of Voting Rights amounts to a total of 4,860,000 Voting Rights. The change of Total Voting Rights is effective as of December 20, 2010.

On 16 March 2011, **BEKO HOLDING AG**, Nöhagen, Austria, has informed us according to article 21, section 1 of the WpHG that the share of voting rights of BEKO HOLDING AG in All for One Midmarket AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has fallen below the limits of 50%, 30%, 25%, 20%, 15% on 12 March 2011 and on that day amounted to 11.11% (this corresponds to 540,000 voting rights).

On 16 March 2011, **CROSS Informatik GmbH**, Wels, Austria, has informed us according to article 21, section 1 of the WpHG that the share of voting rights of CROSS Informatik GmbH in All for One Midmarket AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has exceeded the limits of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% on 12 March 2011 and on that day amounted to 61.90% (this corresponds to 3,008,336 voting rights).

On 16 March 2011, **CROSS Industries AG**, Wels, Austria, has informed us according to article 21, section 1 of the WpHG that the share of voting rights of CROSS Industries AG in All for One Midmarket AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has exceeded the limits of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% on 12 March 2011 and on that day amounted to 62.03% (this corresponds to 3,014,586 voting rights). 0.13% (this corresponds to 6,250 voting rights) are held directly by CROSS Industries AG. 61.90% (this corresponds to 3,008,336 voting rights) are attributed to CROSS Industries AG according to article 22, section 1, sentence 1, no. 1 of the WpHG. Attributed voting rights are held by the following companies controlled by CROSS Industries AG and whose share of voting rights in All for One Midmarket AG amount to 3% or more:
- CROSS Informatik GmbH

On 16 March 2011, **KP Invest Beteiligungs GmbH**, Wels, Austria, has informed us according to article 21, section 1 of the WpHG that the share of voting rights of KP Invest Beteiligungs GmbH in All for One Midmarket AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has exceeded the limits of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% on 12 March 2011 and on that day amounted to 62.03% (this corresponds to 3,014,586 voting rights). 62.03% (this corresponds to 3,014,586 voting rights) are attributed to KP Invest Beteiligungs GmbH according to article 22, section 1, sentence 1, no. 1 of the WpHG. Attributed voting rights are held by the following companies controlled by KP Invest Beteiligungs GmbH and whose share of voting rights in All for One Midmarket AG amount to 3% or more:
- CROSS Informatik GmbH
- CROSS Industries AG

On 17 March 2011, **Pierer GmbH**, Wels, Austria, has informed us according to article 21, section 1 of the WpHG that the share of voting rights of Pierer GmbH in All for One Midmarket AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has exceeded the limits of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% on 12 March 2011 and on that day amounted to 62.03% (this corresponds to 3,014,586 voting rights). 62.03% (this corresponds to 3,014,586 voting rights) are attributed to Pierer GmbH according to article 22, section 1, no. 1 of the WpHG. Attributed voting rights are held by the following companies controlled by Pierer GmbH and whose share of voting rights in All for One Midmarket AG amount to 3% or more:
- CROSS Informatik GmbH
- CROSS Industries AG
- KP Invest Beteiligungs GmbH

On 16 March 2011, **Knünz GmbH**, Dornbirn, Austria, has informed us according to article 21, section 1 of the WpHG that the share of voting rights of Knünz GmbH in All for One Midmarket AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has exceeded the limits of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% on 12 March 2011 and on that day amounted to 62.03% (this corresponds to 3,014,586 voting rights). 62.03% (this corresponds to 3,014,586 voting rights) are attributed to Knünz GmbH according to article 22, section 1, sentence 1, no. 1 of the WpHG. Attributed voting rights are held by the following companies controlled by Knünz GmbH and whose share of voting rights in All for One Midmarket AG amount to 3% or more:
- CROSS Informatik GmbH
- CROSS Industries AG
- KP Invest Beteiligungs GmbH

On 16 March 2011, **Dipl. Ing. Stefan Pierer**, Austria, has informed us according to article 21, section 1 of the WpHG that the share of voting rights of Dipl. Ing. Stefan Pierer in All for One Midmarket AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has exceeded the limits of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% on 12 March 2011 and on

that day amounted to 62.03% (this corresponds to 3,014,586 voting rights). 62.03% (this corresponds to 3,014,586 voting rights) are attributed to Dipl. Ing. Stefan Pierer according to article 22, section 1, sentence 1, no. 1 of the WpHG. Attributed voting rights are held by the following companies controlled by Dipl. Ing. Stefan Pierer and whose share of voting rights in All for One Midmarket AG amount to 3% or more:
- CROSS Informatik GmbH
- CROSS Industries AG
- KP Invest Beteiligungs GmbH
- Pierer GmbH

On 16 March 2011, **Dr. Rudolf Knünz**, Austria, has informed us according to article 21, section 1 of the WpHG that the share of voting rights of Dr. Rudolf Knünz in All for One Midmarket AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has exceeded the limits of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% on 12 March 2011 and on that day amounted to 62.03% (this corresponds to 3,014,586 voting rights). 62.03% (this corresponds to 3,014,586 voting rights) are attributed to Dr. Rudolf Knünz according to article 22, section 1, sentence 1, no. 1 of the WpHG. Attributed voting rights are held by the following companies controlled by Dr. Rudolf Knünz and whose share of voting rights in All for One Midmarket AG amount to 3% or more:
- CROSS Informatik GmbH
- CROSS Industries AG
- KP Invest Beteiligungs GmbH
- Knünz GmbH

On 7 April 2011, **CROSS Industries AG**, Wels, Austria, has informed us according to article 21, section 1 of the WpHG 2011 via a correction of its voting rights announcement dated 16 March 2011, that the share of voting rights of CROSS Industries AG in All for One Midmarket AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has exceeded the limits of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% on 12 March 2011 and on that day amounted to 62.03% (this corresponds to 3,014,865 voting rights). 0.13% (this corresponds to 6,529 voting rights) are held directly by CROSS Industries AG. 61.90% (this corresponds to 3,008,336 voting rights) are attributed to CROSS Industries AG according to article 22, section 1, sentence 1, no. 1 of the WpHG. Attributed voting rights are held by the following companies controlled by CROSS Industries AG and whose share of voting rights in All for One Midmarket AG amount to 3% or more:
- CROSS Informatik GmbH

On 7 April 2011, **KP Invest Beteiligungs GmbH**, Wels, Austria, has informed us according to article 21, section 1 of the WpHG via a correction of its voting rights announcement dated 16 March 2011, that the share of voting rights of KP Invest Beteiligungs GmbH in All for One Midmarket AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has exceeded the limits of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% on 12 March 2011 and on that day amounted to 62.03% (this corresponds to 3,014,865 voting rights). 62.03% (this corresponds to 3,014,865 voting rights) are attributed to KP Invest Beteiligungs GmbH according to article 22, section 1, sentence 1, no. 1 of the WpHG. Attributed voting rights are held by the following companies controlled by KP Invest Beteiligungs GmbH and whose share of voting rights in All for One Midmarket AG amount to 3% or more:
- CROSS Informatik GmbH
- CROSS Industries AG

On 7 April 2011, **Pierer GmbH**, Wels, Austria, has informed us according to article 21, section 1 of the WpHG via a correction of its voting rights announcement dated 17 March 2011, that the share of voting rights of Pierer GmbH in All for One Midmarket AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has exceeded the limits of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% on 12 March 2011 and on that day amounted to 62.03% (this corresponds to 3,014,865 voting rights). 62.03% (this corresponds to 3,014,865 voting rights) are attributed to Pierer GmbH according to article 22, section 1, sentence 1, no. 1 of the WpHG. Attributed voting rights are held by the following companies controlled by Pierer GmbH and whose share of voting rights in All for One Midmarket AG amount to 3% or more:
- CROSS Informatik GmbH
- CROSS Industries AG
- KP Invest Beteiligungs GmbH

On 7 April 2011, **Knünz GmbH**, Dornbirn, Austria, has informed us according to article 21, section 1 of the WpHG via a correction of its voting rights announcement dated 16 March 2011, that the share of voting rights of Knünz GmbH in All for One Midmarket AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 2011 has exceeded the limits of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% on 12 March 2011 and on that day amounted to 62.03% (this corresponds to 3,014,865 voting rights). 62.03% (this corresponds to 3,014,865 voting rights) are attributed to Knünz GmbH according to

article 22, section 1, sentence 1, no. 1 of the WpHG. Attributed voting rights are held by the following companies controlled by Knünz GmbH and whose share of voting rights in All for One Midmarket AG amount to 3% or more:
- CROSS Informatik GmbH
- CROSS Industries AG
- KP Invest Beteiligungs GmbH

On 7 April 2011, **Dipl. Ing. Stefan Pierer**, Austria, has informed us according to article 21, section 1 of the WpHG via a correction of its voting rights announcement dated 16 March 2011, that the share of voting rights of Dipl. Ing. Stefan Pierer in All for One Midmarket AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has exceeded the limits of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% on 12 March 2011 and on that day amounted to 62.03% (this corresponds to 3,014,865 voting rights). 62.03% (this corresponds to 3,014,865 voting rights) are attributed to Dipl. Ing. Stefan Pierer according to article 22, section 1, sentence 1, no. 1 of the WpHG. Attributed voting rights are held by the following companies controlled by Dipl. Ing. Stefan Pierer and whose share of voting rights in All for One Midmarket AG amount to 3% or more:
- CROSS Informatik GmbH
- CROSS Industries AG
- KP Invest Beteiligungs GmbH
- Pierer GmbH

On 7 April 2011, **Dr. Rudolf Knünz**, Austria, has informed us according to article 21, section 1 of the WpHG via a correction of its voting rights announcement dated 16 March 2011, that the share of voting rights of Dr. Rudolf Knünz in All for One Midmarket AG, Filderstadt-Bernhausen, Germany, ISIN: DE0005110001, WKN: 511000 has exceeded the limits of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% on 12 March 2011 and on that day amounted to 62.03% (this corresponds to 3,014,865 voting rights). 62.03% (this corresponds to 3,014,865 voting rights) are attributed to Dr. Rudolf Knünz according to article 22, section 1, sentence 1, no. 1 of the WpHG. Attributed voting rights are held by the following companies controlled by Dr. Rudolf Knünz and whose share of voting rights in All for One Midmarket AG amount to 3% or more:
- CROSS Informatik GmbH
- CROSS Industries AG
- KP Invest Beteiligungs GmbH
- Knünz GmbH

### 36. Corporate Governance Code
On 14 February 2011 the supervisory and management board published its Declaration of Conformity for the financial year 2010/11 in accordance with § 161 »Aktiengesetz« and made it permanently accessible. The exact wording of this declaration can be found on the company's website. The Government Commission on the German Corporate Governance Code recently announced that no amendments will be made to the code in 2011. This decision was made to give companies more time to evaluate the 2010 code that came into effect on 2 July 2010 and which is still valid. Corporate Governance is fully anchored within All for One Midmarket AG's day to day business in the form of responsible and transparent leadership and management, which is actively »lived« and continuously reviewed and improved.

### 37. Group Auditors Fees and Services
The auditors' fees were as follows:

| in KEUR | **10/2010 – 9/2011** | 10/2009 – 9/2010 |
|---|---|---|
| Audit services | 116 | 128 |
| Other confirmation services | 36 | 48 |
| Other services | 93 | 5 |
| **Total** | **245** | **181** |

### 38. Release of Consolidated Financial Statements for Publication
The management board released these consolidated financial statements for publication on 5 December 2011.

## Segment Reporting

| in KEUR | Integrated Solutions 10/2010 – 9/2011 | Integrated Solutions 10/2009 – 9/2010 | HR Solutions 10/2010 – 9/2011 | HR Solutions 10/2009 – 9/2010 | Consolidation 10/2010 – 9/2011 | Consolidation 10/2009 – 9/2010 | Group 10/2010 – 9/2011 | Group 10/2009 – 9/2010 |
|---|---|---|---|---|---|---|---|---|
| **Sales to external customers** | **74,976** | **65,614** | **15,178** | **13,172** | **0** | **0** | **90,154** | **78,786** |
| Intersegment sales | 382 | 348 | 496 | 428 | -878 | -776 | 0 | 0 |
| **Segment sales** | **75,358** | **65,962** | **15,674** | **13,600** | **-878** | **-776** | **90,154** | **78,786** |
| Cost of traded goods | -27,855 | -24,121 | -2,387 | -2,386 | 829 | 680 | -29,413 | -25,827 |
| Personnel expenses | -29,693 | -26,939 | -9,488 | -8,488 | 0 | 0 | -39,181 | -35,427 |
| Other operating expenses and income | -10,819 | -9,169 | -2,987 | -2,426 | 27 | 96 | -13,779 | -11,499 |
| Depreciation | -2,690 | -3,053 | -363 | -444 | 0 | 0 | -3,053 | -3,497 |
| **EBIT** | **4,301** | **2,680** | **449** | **-144** | **-22** | **0** | **4,728** | **2,536** |
| Interest income | 516 | 627 | 38 | 32 | -8 | 0 | 546 | 659 |
| Interest expense | -220 | -321 | -71 | -81 | 8 | 0 | -283 | -402 |
| **EBT** | **4,597** | **2,986** | **416** | **-193** | **-22** | **0** | **4,991** | **2,793** |
| Income tax | | | | | | | 173 | -775 |
| **Net result for the year before discontinued operation** | | | | | | | **5,164** | **2,018** |
| Result discontinued operation | | | | | | | 2,096 | 0 |
| **Net result for the year** | | | | | | | **5,164** | **2,018** |
| Investments | 1,902 | 1,399 | 226 | 110 | | | 2,128 | 1,509 |
| Segment assets (at financial year-end) | 58,878 | 54,205 | 6,578 | 5,201 | -107 | -111 | 65,349 | 59,295 |
| Segment liabilities (at financial year-end) | 23,952 | 24,378 | 3,287 | 2,620 | -243 | -111 | 26,996 | 26,887 |
| Personnel capacity (average) | 306 | 289 | 114 | 105 | | | 420 | 394 |
| Number of employees (average) | 331 | 310 | 123 | 113 | | | 454 | 423 |

## Segment Reporting by Country

| in KEUR | Germany 10/2010 – 9/2011 | Germany 10/2009 – 9/2010 | Austria 10/2010 – 9/2011 | Austria 10/2009 – 9/2010 | Switzerland 10/2010 – 9/2011 | Switzerland 10/2009 – 9/2010 | Rest of Europe 10/2010 – 9/2011 | Rest of Europe 10/2009 – 9/2010 | Group 10/2010 – 9/2011 | Group 10/2009 – 9/2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales to external customers* | 72,705 | 63,492 | 5,362 | 4,994 | 6,089 | 4,847 | 5,998 | 5,453 | 90,154 | 78,786 |
| Non-current assets** (at financial year-end) | 14,982 | 15,810 | 198 | 244 | 1,694 | 1,732 | 4,771 | 4,775 | 21,645 | 22,561 |
| Personnel capacity (at financial year-end) | 375 | 330 | 13 | 15 | 26 | 28 | 21 | 21 | 435 | 394 |

* based on domicile of the service provider
** not including financial assets and deferred tax assets

Filderstadt, 5 December 2011
All for One Midmarket AG

Lars Landwehrkamp
CEO

Stefan Land
CFO

# Consolidated Statement of Changes in Fixed Assets

## Financial Year from 1 October 2010 to 30 September 2011

| | Costs | | | | | | Accumulated depreciation/amortisation | | | | | | Carrying amounts | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| in KEUR | 01.10.10 | Foreign currency differences | Additions | Disposals | Reclassifi-cations | 30.09.11 | 01.10.10 | Foreign currency differences | Deprec./amor-tisation | Disposals | Reclassifi-cations | 30.09.11 | 30.09.11 | 30.09.10 |
| **Intangible assets** | | | | | | | | | | | | | | |
| Goodwill | 6,139 | 0 | 114 | 0 | 0 | 6,253 | 1,272 | 0 | 0 | 0 | 0 | 1,272 | 4,981 | 4,867 |
| Other intangible assets | 14,857 | 8 | 146 | -1,767 | 0 | 13,244 | 5,948 | 8 | 930 | -1,767 | 0 | 5,119 | 8,125 | 8,909 |
| | **20,996** | **8** | **260** | **-1,767** | **0** | **19,497** | **7,220** | **8** | **930** | **-1,767** | **0** | **6,391** | **13,106** | **13,776** |
| **Tangible fixed assets** | | | | | | | | | | | | | | |
| Land and buildings | 1,948 | 0 | 0 | 0 | 0 | 1,948 | 945 | 0 | 54 | 0 | 0 | 999 | 949 | 1,003 |
| Leasehold improvements | 746 | 1 | 19 | 0 | 0 | 766 | 331 | 1 | 63 | 0 | 0 | 395 | 371 | 415 |
| IT systems | 9,039 | 25 | 1,638 | -301 | 0 | 10,401 | 5,972 | 18 | 1,730 | -279 | 0 | 7,441 | 2,960 | 3,067 |
| Operating and office equipment | 1,743 | 8 | 211 | -226 | 0 | 1,736 | 981 | 7 | 276 | -214 | 0 | 1,050 | 686 | 762 |
| | **13,476** | **34** | **1,868** | **-527** | **0** | **14,851** | **8,229** | **26** | **2,123** | **-493** | **0** | **9,885** | **4,966** | **5,247** |
| **Total** | **34,472** | **42** | **2,128** | **-2,294** | **0** | **34,348** | **15,449** | **34** | **3,053** | **-2,260** | **0** | **16,276** | **18,072** | **19,023** |

## Financial Year from 1 October 2009 to 30 September 2010

| | Costs | | | | | | Accumulated depreciation/amortisation | | | | | | Carrying amounts | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| in KEUR | 01.10.09 | Foreign currency differences | Additions | Disposals | Reclassifi-cations | 30.09.10 | 01.10.09 | Foreign currency differences | Deprec./amor-tisation | Disposals | Reclassifi-cations | 30.09.10 | 30.09.10 | 30.09.09 |
| **Intangible assets** | | | | | | | | | | | | | | |
| Goodwill | 6,139 | 0 | 0 | 0 | 0 | 6,139 | 1,272 | 0 | 0 | 0 | 0 | 1,272 | 4,867 | 4,867 |
| Other intangible assets | 14,917 | 81 | 98 | -261 | 22 | 14,857 | 4,849 | 54 | 1,288 | -260 | 17 | 5,948 | 8,909 | 10,068 |
| | **21,056** | **81** | **98** | **-261** | **22** | **20,996** | **6,121** | **54** | **1,288** | **-260** | **17** | **7,220** | **13,776** | **14,935** |
| **Tangible fixed assets** | | | | | | | | | | | | | | |
| Land and buildings | 1,948 | 0 | 0 | 0 | 0 | 1,948 | 891 | 0 | 54 | 0 | 0 | 945 | 1,003 | 1,057 |
| Leasehold improvements | 942 | 2 | 5 | -360 | 157 | 746 | 411 | 2 | 87 | -224 | 55 | 331 | 415 | 531 |
| IT systems | 8,755 | 38 | 1,135 | -867 | -22 | 9,039 | 4,920 | 26 | 1,795 | -752 | -17 | 5,972 | 3,067 | 3,835 |
| Operating and office equipment | 1,868 | 14 | 271 | -253 | -157 | 1,743 | 948 | 9 | 273 | -194 | -55 | 981 | 762 | 920 |
| | **13,513** | **54** | **1,411** | **-1,480** | **-22** | **13,476** | **7,170** | **37** | **2,209** | **-1,170** | **-17** | **8,229** | **5,247** | **6,343** |
| **Total** | **34,569** | **135** | **1,509** | **-1,741** | **0** | **34,472** | **13,291** | **91** | **3,497** | **-1,430** | **0** | **15,449** | **19,023** | **21,278** |

# RESPONSIBILITY STATEMENT

of the Management Board

»To the best of our knowledge, and in accordance with the applicable reporting principles, we affirm that the consolidated financial statements give a true and fair view of the assets, financial position and earnings of the Group, and that 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«.

Filderstadt, 5 December 2011
All for One Midmarket AG

| | |
|---|---|
| Lars Landwehrkamp | Stefan Land |
| CEO | CFO |

# AUDITOR'S REPORT

We have issued the following unqualified auditor's report:

»Independent Auditors' Report

We have audited the consolidated financial statements prepared by the All for One Midmarket AG, Filderstadt, comprising the balance sheet, the income statement and other comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the Group management report for the business year from 1 October 2010 to 30 September 2011. The preparation of the consolidated financial statements and the Group management report in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to § 315a sec. 1 of German Commercial Code (HGB) are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principle used and significant estimates made by management, as well as evaluation the overall presentation of the consolidated financial statements and the 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 IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the All for One Midmarket 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.«

Stuttgart, 5 December 2011
KPMG AG
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Schwebler | Rettich |
| Auditor | Auditor |

FINANCIAL CALENDAR FOR FINANCIAL YEAR 2011/12

| | | |
|---|---|---|
| 2011 | | |
| Mon | 19.12.11 | Publication of Consolidated and Annual Financial Statements<br>Financial Year from 1 October 2011 to 30 September 2012 |
| Mon | 19.12.11 | Press Conference on Consolidated and Annual Financial Statements, Filderstadt |
| Tue | 20.12.11 | Analyst Presentation, Frankfurt |
| 2012 | | |
| Tue | 29.02.12 | 3-Month Report 2011/12 as at 31 December 2011 |
| Wed | 14.03.12 | Annual General Meeting, Leinfelden-Echterdingen |
| Tue | 15.05.12 | Half-Year Financial Report 2011/12 as at 31 March 2012 |
| Tue | 07.08.12 | 9-Month Report 2011/12 as at 30 June 2012 |

## Imprint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**Responsible for the Content**
All for One Midmarket AG
Filderstadt, Germany


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## Disclaimer

As far as this annual report contains forecasts, estimates or expectations, these can be associated with risks and uncertainties. The actual results and developments can deviate from the expectations and assumptions made. Changes in the general economic and competitive situation, particularly in the core business divisions and markets, changes in legislation, in particular tax regulations, can cause such deviations. The German version is the definite version of this annual report.

The company assumes no obligation to update statements made in this annual report.

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