syskoplan

LIVING NETWORK

Report on 1st Quarter 2011

syskoplan at a Glance

Criterion		Q1 2011	Q1 2010	Change
Revenue	Euro mill.	16.0	13.7	+ 17%
EBITDA	Euro mill.	1.63	0.45	>100%
EBIT	Euro mill.	1.36	0.07	>100%
EBT	Euro mill.	1.35	0.07	>100%
Net profit for the period	Euro mill.	0.77	–0.05	>100%
Earnings per share (basic)	Euro	0.16	–0.01	>100%
Earnings per share (diluted)	Euro	0.16	–0.01	>100%
Return on revenue (EBITDA)	%	10.2%	3.3%	
Return on revenue (EBIT)	%	8.5%	0.5%	
Return on revenue (EBT)	%	8.4%	0.5%	
Payroll employees (average fulltime equivalents)		395	406	–3%
Payroll employees (end of period)		408	417	–2%
Balance sheet total	Euro mill.	53.7	52.8 [1)]	+ 2%
Equity	Euro mill.	31.3	30.5 [1)]	+ 3%
Liquid funds	Euro mill.	21.4	22.0 [1)]	–3%
Change in cash and cash equivalents	Euro mill.	–0.57	–2.70	
Cash flow according DVFA/SG	Euro mill.	1.51	0.37	>100%
Number of shares		4,747,517	4,728,533	+ 0%

[1)] Comparative figures of 12/31/2010

1. Report of the Executive Board

1. Course of business

In first quarter 2011 syskoplan group achieved sales of EUR 16.0 million. In comparison to the first quarter 2010 sales increased by 17%. In relation to the last quarter 2010 a slight decrease of 2.7% was to be observed.

The performance of the newly defined business segments of syskoplan group varied. While the segment "System Integration" was able to increase its business by 35% to EUR 12.5 million and the segment "Consulting" showed a nearly constant business of EUR 1.7 million (– 3%) the "Managed Services" segment suffered from the expired contract with an outsourcing client showing a sales decline of – 25% to EUR 2.1 million.

In terms of industries, Retail (+180% to EUR 3.8 million), Manufacturing (+9% to EUR 4.3 million) and Media (+128% to EUR 0.4 million) posted exceptional growth. Business in Financial Services decreased by 7% to EUR 6.6 million, nevertheless remaining the largest syskoplan industry with a current business share of 41%.

2. Personnel

As of March 31, 2011, the syskoplan Group employed 408 members of staff (12/31/2010: 409 employees). When converted to the average number of full-time staff, the personnel capacity – compared to the same period the previous year – decreased by 3% to 395 employees.

3. Cost development

In a year-on-year comparison, total costs during the course of business increased by 8%, or by EUR 1.1 million, to EUR 14.8 million. Included here were personnel costs of EUR 8.3 million, decreasing by 5% due to the personnel capacity shrunk and ceased special effects. The operating expenses totaling EUR 4.0 million were 7% above the level of the previous year.

Manufacturing costs increased by 13% to EUR 11.9 million during the reporting period, with personnel costs down by 4%. Costs for purchased services doubled to EUR 2.6 million – due to the increased usage of freelancers – while operating expenses increased by 14% to EUR 2.6 million. Marketing costs fell by 7% compared to the level of the previous year, bringing them to EUR 1.4 million. Personnel costs in this category decreased 11% whereas operating expenses decreased by 1%. Also administrative costs were down by 8% compared to the same period the previous year, totaling out at EUR 1.6 million. Personnel costs fell by 10% whereas operating expenses showed a decrease of 5%.

4. Earnings and profitability situation

Earnings before taxes, interest, depreciation and amortization (EBITDA) with EUR 1.63 million were 259% above the level of the previous year. Earnings before taxes and interest (EBIT) amounted to EUR 1.36 million during the reporting period, or 1771% higher than the EBIT of the same period the previous year. Earnings before taxes (EBT) amounted to EUR 1.35 million compared to EUR 0.07 million the previous year. During the present course of business, the syskoplan Group achieved a net profit of EUR 0.77 million after deducting taxes and minority interests (previous year: net loss of EUR – 0.05 mill.) representing earnings per share of 16 cents (previous year: -1 cent).

5. Development of key balance sheet items

The balance sheet total increased slightly by 2% compared to the final figures of 2010, bringing it to EUR 53.7 million. Non-current assets remained unchanged at the level reached at the end of 2010 while current

assets rose by 3% to EUR 36.8 million. The reduction of liquid assets to EUR 21.4 million following EUR 22.0 million at year-end 2010 was accompanied by marked increases of other non-financial assets as well as trade receivables.

On the liabilities side of the balance sheet, shareholders' equity increased by 3% to EUR 31.3 million compared to year-end 2010. The capital ratio remained unchanged at 58%. While long-term liabilities declined slightly to EUR 7.3 million, current liabilities increased by 1% to EUR 15.1 million.

6. Development of cash flow

For the first quarter of 2011, the funds statement showed an operating inflow of funds of EUR 0.2 million (previous year: outflow of EUR 2.4 million). The improvement was mainly due to the significantly improved earnings situation and the changes of paid income taxes. In the definition according to DVFA/SG, cash flow in the first three months was positive at EUR 1.51 million compared to EUR 0.37 million during the same period the previous year. This represents an increase of EUR 1.1 million in a year-on-year comparison, in line with the development of the EBITDA.

Liquid assets of EUR 0.2 million were used for investments during the reporting period (previous year: cash outflow EUR 0.6 million). The cash outflow from financing activities fell by 33% to EUR 0.6 million, following EUR 0.9 million in first quarter 2010. The liquidity amounted to EUR 21.4 million on March 31. A cash reduction of EUR 0.6 million was noted compared to December 31, 2010.

7. Outlook

syskoplan carries on expecting the demand for IT services stemming from delayed IT investments to normalize. This view is backed by the quarterly development of syskoplan showing a sales increase of 17% on a quarter to quarter basis due to base effects. Compared to the three preceding quarters the revenue development shows a constant trend. Against this background we confirm the presented annual goals, that is to say a medium one-digit percentage rate for the sales increase and a slightly improved EBITDA-margin (compared to 10.1% achieved in 2010).

This estimate is congruent with the recent analysis executed by the Federal Association for Information Technology, Telecommunications and New Media (Bitkom). In this study the German market for IT Services is expected to grow by 4.3% in 2011.

For the benefit of the customers the cooperation with Reply shall be significantly extended in the near future in order to bundle joint forces in a network, essentially based on competence and specialization. We want to continue to provide customers with the highest quality of reliable and innovative technologies.

In accordance with the domination agreement concluded with Reply the Executive Board and the Supervisory Board of syskoplan AG will propose the annual general meeting on June 29, 2011 to pay a dividend of EUR 0.45.

Gütersloh, May 2011
syskoplan AG
The Executive Board

2. Consolidated Financial Statements

Group Income Statement for Period of January 1, to March 31, 2011

			Financial Year
All figures in Euro thousand	**Q1 2011**	**Q1 2010**	**Change**
Revenue	16,030	13,694	17%
Cost of revenue	11,919	10,553	13%
Gross profit/loss from sales	**4,111**	**3,141**	**31%**
Selling and marketing expenses	1,364	1,469	–7%
General administrative expenses	1,562	1,693	–8%
Other operating income	296	130	>100%
Other operating expenses	125	37	>100%
Operating income (EBIT)	**1,355**	**72**	**>100%**
Interest income	27	31	–12%
Interest expenses	22	28	–22%
Other financial result	–15	–8	94%
Financial result before expenses related to the minority partner in limited partnerships	**–10**	**–5**	**90%**
Earnings before taxes and expenses for group-external limited partners	**1,345**	**67**	**>100%**
Income tax	389	29	>100%
Expenses from revaluation of compensation obligations and from allocation of earnings to the minority partner in limited partnerships	188	90	>100%
Net profit for the period	**769**	**–51**	**>100%**
Of which attributable to: shareholders of syskoplan AG	769	–63	>100%
non-controlling shareholders	–0	12	–100%
Total	**769**	**–51**	**>100%**
Earnings per share (Euro)			
- basic	0.16	–0.01	>100%
- diluted	0.16	–0.01	>100%
Weighted average number of shares outstanding			
- basic	4,747,517	4,728,533	0%
- diluted	4,748,714	4,728,533	0%

Group Balance Sheet on March 31, 2011

Assets (all figures in Euro thousand)	03/31/2011	12/31/2010	Change
Non-current assets			
Goodwill	10,171	10,171	0%
Other intangible assets	87	85	2%
Property, plant, and equipment	3,864	3,851	0%
Financial assets	2,742	2,694	2%
Deferred tax assets	28	115	–76%
Total non-current assets	**16,892**	**16,916**	**–0%**
Current assets			
Trade accounts receivable and other assets	13,283	11,932	11%
Other financial assets	438	356	23%
Tax assets	375	981	–62%
Other non-financial assets	1,368	633	>100%
Cash at bank and cash in hand	21,380	21,950	–3%
Total current assets	**36,844**	**35,852**	**3%**
Balance sheet total	**53,736**	**52,768**	**2%**

Liabilities (all figures in Euro thousand)	03/31/2011	12/31/2010	Change
Equity			
Subscribed capital	4,749	4,746	0%
Capital reserve	19,243	19,218	0%
Retained earnings	7,279	6,505	12%
Reserve for hedges	–13	–38	–64%
Treasury stock	–1	–2	–23%
Equity held by shareholders of syskoplan AG	**31,257**	**30,429**	**3%**
Non-controlling shareholders' interest	25	25	–0%
Total equity	**31,282**	**30,454**	**3%**
Non-current liabilities			
Obligations to compensate minority partners in limited partnerships	2,665	2,665	0%
Bank loans	978	978	0%
Pension obligations	2,516	2,487	1%
Provisions	945	988	–4%
Other financial liabilities	203	239	–15%
Total non-current liabilities	**7,307**	**7,357**	**–1%**
Current liabilities			
Provisions	3,894	5,647	–31%
Tax liabilities	384	295	30%
Bank loans	115	115	0%
Trade accounts payable	2,917	2,490	17%
Other financial liabilities	1,936	2,005	–3%
Other liabilities	5,901	4,405	34%
Total current liabilities	**15,147**	**14,957**	**1%**
Total liabilities	**22,454**	**22,314**	**1%**
Balance sheet total	**53,736**	**52,768**	**2%**

Statement of Cash Flows for Period of January 1, to March 31, 2011

		Period
All figures in Euro thousand	**Q1 2011**	**Q1 2010**
Cash flow from operating activities		
Net profit for the period	769	–51
Income tax	389	28
Result from discontinued operations	0	0
Expenses from revaluation of compensation obligations and from allocation of earnings to the minority partner in limited partnerships	188	90
Financial result before expenses related to the minority partner in limited partnerships	9	5
Operating income (EBIT)	**1,355**	**72**
Depreciation and amortization of non-current assets	274	381
Other non-cash items	–1	4
Change in provisions	–1,800	–581
Profit/loss from the disposal of non-current assets	1	0
Change in receivables and other assets attributable to operating activities	–2,169	–2,394
Change in liabilities attributable to operating activities	2,177	788
Interest payments made	–22	–28
Interest payments received	27	31
Received dividend	0	0
Income tax payments made	382	–688
Cash flow from operating activities	**222**	**–2,415**

	Period	
All figures in Euro thousand	**Q1 2011**	**Q1 2010**
Cash flow from investment activities		
Payments for investments in property, plant, and equipment and other intangible assets	–194	–134
Payments for investments in other non-current financial assets	–15	–85
Payments for / inpayments from deposits with a fixed term of more than 3 months	0	800
Payments for the acquisition of subsidiaries	0	0
Proceeds from the sale of property, plant, and equipment	0	1
Proceeds from the sale of non-current financial assets	0	0
Cash flow from investment activities	**–209**	**582**
Cash flow from financing activities		
Dividends paid to shareholders and minority shareholders	0	0
Withdrawal of profits by minority partners in limited partnerships	0	–647
Payments from the issue of new shares	28	0
Proceeds from the sale of treasury stock	3	0
Receipt of outstanding capital contributions from minority shareholders	0	0
Payments for the purchase of treasury stock	0	0
Payments for the redemption of loans	0	–58
Payments for the redemption of finance lease liabilities	–615	–162
Cash flow from financing activities	**–584**	**–867**
Change in cash and cash equivalents	**–570**	**–2,700**
Cash and cash equivalents at beginning of period	21,950	19,096
Cash and cash equivalents at end of period	**21,380**	**16,396**
plus deposits at banks with a fixed term of more than 3 months	0	0
Cash and cash equivalents in balance sheet	**21,380**	**16,396**

Statement of Changes in Shareholders' Equity for Period of January 1, to March 31, 2011

All figures in Euro thousand	Subscribed capital	Capital reserve	Retained earnings	Reserve for hedges
Status as at 01/01/2010	**4,731**	**19,106**	**5,419**	**–31**
Net profit for the period	0	0	2,168	0
Other income	0	0	0	–7
Total result for the period	**0**	**0**	**2,168**	**–7**
Dividends	0	0	–714	0
Compensatory item for additional acquisitions of minority shares	0	0	–335	0
Issuing of new shares	15 *	93	0	0
Changes from treasury stock	0	19	–32	0
Status as at 12/31/2010	**4,746**	**19,218**	**6,505**	**–38**
Net profit for the period	0	0	769	0
Other income	0	0	0	25
Total result for the period	**0**	**0**	**769**	**25**
Dividends	0	0	0	0
Compensatory item for additional acquisitions of minority shares	0	0	0	0
Issuing of new shares	3 *	25	0	0
Changes from treasury stock	0	0	5	0
Status as at 03/31/2011	**4,749**	**19,243**	**7,279**	**–13**

* Due to issuance of new shares following the exercise of stock options the subscribed capital in 2011 increased by Euro 3,695 (financial year 2010: Euro 14,991)

Statement of Overall Results for Period of January 1, to March 31, 2011

All figures in Euro thousand	Q1 2011	Q1 2010
Net profit for the period	**769**	**–51**
Losses from cash flow hedges recognized directly in equity	36	–7
Deferred taxes on results directly recognized in equity	–11	1
Other income	**25**	**–5**
Total result for the period	**794**	**–56**
Of which attributable to: shareholders of syskoplan AG	794	–69
non-controlling shareholders	0	13

Treasury stock	Equity held by shareholders of syskoplan AG	Non-controlling shareholders' interest	Total equity
–8	**29,217**	**118**	**29,335**
0	2,168	0	2,168
0	–7	0	–7
0	**2,161**	**0**	**2,161**
0	–714	–33	–747
0	–335	–60	–395
0	108	0	108
6	–7	0	–7
–2	**30,429**	**25**	**30,454**
0	769	0	769
0	25	0	25
0	**794**	**0**	**794**
0	0	0	0
0	0	0	0
0	28	0	28
1	6	0	6
–1	**31,257**	**25**	**31,282**

3. Notes to the Quarterly Report

1. Accounting principles

These unaudited financial statements to March 31, 2011 have been prepared in accordance with IFRS and the relevant interpretations of the International Accounting Standards Board (IASB) for Interim Financial Reporting (IAS 34) as applicable in the European Union per March 31, 2011. Therefore, these interim financial statements do not include all of the information and disclosures required by IFRS for consolidated financial statements at the end of the financial year.

Compared to the consolidated financial statements as at December 31, 2010 the applied accounting and valuation principles have not changed.

When producing the financial statements, it is sometimes necessary to make estimates and assumptions for the evaluation of certain assets and liabilities. No changes occurred compared to those used in the consolidated financial statements as at December 31, 2010.

The consolidated financial statements are in Euro. All figures are in Euro thousand. The financial year of syskoplan AG and all subsidiary firms included in the consolidation scope represents the legal year. Seasonal or cyclical effects did not have major impacts on these interim financial statements. In the period under review no events have occurred with a material influence on the company's asset, financial and earnings position.

2. IFRSs issued but neither EU endorsed nor yet adopted

In November 2009, the IASB published IFRS 9 Financial Instruments as part of its project of a revision of the accounting guidance for financial instruments. Requirements for financial liabilities were added to IFRS 9 in October 2010. The requirements for financial liabilities were carried forward unchanged from IAS 39, with the exception of certain changes to the fair value option for financial liabilities that address the consideration of own credit risk. The new standard provides guidance on the accounting of financial assets and financial liabilities as far as classification and measurement are concerned. The standard will be effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The group will not early adopt IFRS 9 Financial Instruments for 2011. Syskoplan will determine the expected effects on the group's consolidated financial statements.

3. Changes in Equity

On the closing date, the total number of registered shares of syskoplan AG was 4,749,364. The total number of subscription rights to syskoplan AG shares issued as a part of the stock option plan amounts to 290,520. Of these, 3,695 options were exercised in the first quarter 2011. Taking into account expired options, as of March 31, 2011 19,786 options still exercisable remain.

As at end of March 2011 1,320 shares were held as treasury stock. Thus the number of own shares reduced by 400 shares compared to December 31, 2010.

4. Changes in the scope of consolidation

In the first quarter 2011 no changes in the scope of consolidation occurred.

5. Segment reporting

Based on comparable core competencies, margins and ways of value performance the several business units are categorized to the segments Consulting, System Integration and Managed Services:

- In the segment **Consulting** syskoplan delivers consulting services in the area of regulatory bank reporting and bank management.
- The business units classified in the segment **System Integration** are based on a project-related business model. By means of standard software primarily from SAP or Microsoft, the business units develop innovative IT-solutions uniquely adapted to the requirement of the clients.
- In the segment **Managed Services** syskoplan group offers outsourcing services primarily for medium-sized businesses, running their business processes in an SAP environment. The business is mainly based on a service model founded on long-term contracts. The main part of the segment's revenues is derived from data center operations for syskoplan AG and further local clients. Services in the areas application management and data center-related consulting are rendered additionally.

These groups of business units represent the reportable operational segments classified in the sense of IFRS 8.12 to the segments Consulting, System Integration and Managed Services. Cross-divisional functions such as finance, marketing, HR, IT or investor relations are centrally operated by departments within the syskoplan holding company.

All figures in Euro thsd.	**Segments (1)**					
	Consulting			**System Integration**		
	Q1 2011	**Q1 2010**	**Delta**	**Q1 2011**	**Q1 2010**	**Delta**
Revenue	1,708	1,765	–3%	12,522	9,263	35%
of which internal:	312	0		37	73	–49%
of which external:	1,396	1,765	–21%	12,485	9,190	36%
EBIT	229	334	–31%	2,075	583	>100%
EBT	230	334	–31%	2,034	568	>100%
Employees (FTE)	35	34	3%	281	275	2%

All figures unconsolidated

All figures in Euro thsd.	Segments (2)					
	Managed Services			Headquarter		
	Q1 2011	Q1 2010	Delta	Q1 2011	Q1 2010	Delta
Revenue	2,061	2,747	–25%	1,548	440	>100%
of which internal:	333	403	–17%	1,127	47	>100%
of which external:	1,698	2,344	–28%	451	394	14%
EBIT	173	293	–41%	–1,123	–1,138	–1%
EBT	165	277	–40%	–1,084	–1,112	–2%
Employees (FTE)	46	67	–30%	32	30	6%

All figures unconsolidated

IFRS 8 requires sales to customers who account for more than 10% of total sales to be disclosed, along with the segments concerned. In the first quarter 2011, more than 10% of total sales were generated with two customers. These single customers accounted for 19% of total sales (previous year: 3%) (segment system integration) and accordingly for 12% (previous year: 16%) (segment system integration). In addition, we draw attention to the fact that 16% of sales in 2011 were attributable to companies in the VW Group (previous year: 21%).

The reconciliation of the total segment result to the earnings before tax and before expenses relating to limited partners of subsidiaries is as follows:

6. Reconciliation statement

All figures in Euro thsd.	Reconciliation		Group key figures	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Revenue	–1,809	–523	16,030	13,694
of which internal:	–1,809	–523	0	0
of which external:	0	0	16,030	13,694
EBIT	0	0	1,355	72
EBT	0	0	1,345	67
Employees (FTE)	0	0	395	406

7. Relationships with associated companies and individuals

Associated companies and individuals are Reply S.p.A. as the direct majority shareholder of syskoplan AG, its associated companies, the members of the Consiglio di Amministrazione and the Collegio Sindacale of Reply S.p.A. and the members of the Executive Board and Supervisory Board of syskoplan AG. Furthermore, Alika s.r.l, and Dott. Mario Rizzante are considered associated individuals as they are indirect majority shareholders. These companies and individuals hold the following shares and options as at March 31, 2011:

		Number	
Person	**Function**	**Shares**	**Options**
Josef Mago	Chairman of the Executive Board	0	0
Dr. Jochen Meier	Member of the Executive Board	1	0
Dott. Flavia Rebuffat	Member of the Executive Board	0	0
Dott. Mario Rizzante	Chairman of the Supervisory Board	3,776,741*	0
Dr. Niels Eskelson	Deputy Chairman of the Supervisory Board	500	0
Dr. Stefan Duhnkrack	Member of the Supervisory Board	0	0
Dott. Riccardo Lodigiani	Member of the Supervisory Board	0	0
Dr. Markus Miele	Member of the Supervisory Board	0	0
Dott. Tatiana Rizzante	Member of the Supervisory Board	0	0
syskoplan AG	**Treasury stock**	**1,320**	**0**

*These shares are assigned directly and indirectly to Mr. Rizzante.

In the first quarter 2011 the number of shares of Dr. Jochen Meier with 1 share remained unchanged.

During the period from January 1 to March 31, 2011, the Group entered into legal transactions with Reply S.p.A. and its associated companies at market conditions. These transactions resulted in other income of EUR 300 thousand and expenses of EUR 41 thousand. As of March 31, 2011, there were EUR 620 thousand in receivables from and EUR 608 thousand in liabilities to associated companies and individuals.

8. Special events after the closing date

Since March 31, 2011 no substantive events have occurred with a material influence on the company's asset, financial and earnings position.

Gütersloh, May 2011
syskoplan AG
The Executive Board

Company Calendar syskoplan AG

Date	Occasion	Place
May 6, 2011	Report on Q1 2011	Gütersloh
June 29, 2011	Annual general meeting	Gütersloh
June 30, 2011	Payment of dividend	Gütersloh
July 29, 2011	Report on Q2 2011	Gütersloh
October 28, 2011	Report on Q3 2011	Gütersloh

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