

Independent Auditor's Report

We have audited the consolidated financial statements prepared by MAGIX AG, Berlin, comprising the balance sheet, the income statement, the cash flow statement, the statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the fiscal year from October 1, 2006 to September 30, 2007. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit. In addition we have been instructed to express an opinion as to whether the consolidated financial statements comply with full IFRS.

We conducted our audit of the consolidated financial statements in accordance with Sec. 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 the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and 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 Sec. 315a (1) HGB and full IFRS and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Berlin, January 4, 2008

Ernst & Young AG

Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Glöckner

Wirtschaftsprüfer
[German Public Auditor]

Thielicke

Wirtschaftsprüfer
[German Public Auditor]

Consolidated Financial Statements

September 30, 2007

Consolidated Balance Sheet as of September 30, 2007			
ASSETS	Note	Sept. 30, 2007 KEUR	Sept. 30, 2006 KEUR
Non-current assets			
Property, plant and equipment	(1)	1,674	1,501
Intangible assets	(1)	11,680	8,730
Goodwill	(1)	2,116	0
Total non-current assets		15,470	10,231
Current assets			
Inventories	(2)	1,162	934
Trade receivables	(3)	9,875	10,379
Other assets (held up to the final maturity)		940	830
Tax receivables		616	0
Financial assets	(4)	12,952	0
Cash and cash equivalents	(5)	17,391	35,095
Total current assets		42,936	47,238
Total assets		58,406	57,469

Consolidated Balance Sheet as of September 30, 2007

EQUITY AND LIABILITIES	Note	Sept. 30, 2007 kEUR	Sept. 30, 2006 kEUR
Equity attributable to equity holders of the parent			
Issued capital	(6)	12,662	12,662
Capital reserve		25,599	26,083
Revenue reserves		8,736	6,118
Treasury shares	(6)	-177	0
Reserve for currency translation		17	89
		46,837	44,952
Minority interests		0	1,125
Total equity		46,837	46,077
Non-current liabilities			
Other liabilities (non-current portion)		1,480	116
Deferred tax liabilities	(12)	1,045	541
Total non-current liabilities		2,525	657
Current liabilities and provisions			
Provisions	(7)	4,127	4,616
Other liabilities (current portion)		3,362	3,334
Trade payables		1,216	2,083
Tax liabilities		339	702
Total current liabilities and provisions		9,044	10,735
Total equity and liabilities		58,406	57,469

Consolidated Income Statement			
for the Fiscal Year from October 1, 2006 to September 30, 2007			
	Note	Oct. 1, 2006 to Sept. 30, 2007 kEUR	Oct. 1, 2005 to Sept. 30, 2006 kEUR
Sales revenue	(8)	32,662	35,788
Cost of sales	(9)	-4,195	-4,386
Gross profit		28,467	31,402
Selling expenses	(10)	-13,181	-13,286
Administrative expenses	(10)	-4,333	-3,806
Research and development costs	(10)	-8,347	-6,464
Other income/other expenses	(11)	457	384
Earnings before interest and taxes		3,063	8,230
Interest income		1,325	495
Interest expenses		-66	-12
Earnings before taxes		4,322	8,713
Taxes on income	(12)	-1,804	-3,583
Net income of the Group for the period		2,518	5,130
Attributable to:			
Equity holders of the parent		2,618	5,233
Minority interests		-100	-103
Earnings per share (basic and diluted)	(13)	0.21	0.44
Average number of shares outstanding		12,646,279	11,970,394

**Consolidated Cash Flow Statement
for the Fiscal Year from October 1, 2006 to September 30, 2007**

	Oct. 1, 2006 to Sept. 30, 2007	Oct. 1, 2005 to Sept. 30, 2006
	kEUR	kEUR
CASH FLOW FROM OPERATING ACTIVITIES		
Earnings before taxes	4,322	8,713
Adjustments for:		
Amortization and depreciation of non-current assets	2,970	2,303
Interest income	-1,325	-495
Interest expenses	66	12
Other non-cash income and expenses	227	-22
Losses/gains from disposals of non-current assets	0	5
	6,260	10,516
Change in trade receivables	-504	-3,830
Change in inventories	-228	-146
Change in other assets	-60	21
Change in trade payables	-938	1,283
Change in provisions	-489	575
Change in other liabilities	-140	52
Cash flow from operating activities	3,901	8,471
Interest payments	-66	-12
Income tax payments	-2,242	-2,273
Net cash flows from operating activities	1,593	6,186
CASH FLOW FROM INVESTING ACTIVITIES		
Cash paid for the acquisition and stepping up of shares in subsidiaries (without purchased cash and cash equivalents)	-4,659	0
Cash paid for the purchase of treasury shares	-1,110	0
Cash paid for investments in other financial assets	-11,500	0
Cash paid for investments in non-current assets	-3,447	-4,388
Interest income	1,325	495
Net cash flows used in investing activities	-19,391	-3,893
CASH FLOW FROM FINANCING ACTIVITIES		
Investment subsidies received	166	22
Equity increase through the issue of shares	0	22,140
Cash paid for IPO costs	0	-2,472
Net cash flows used in financing activities	166	19,690
Exchange differences	-72	-36
Changes in cash and cash equivalents	-17,704	21,947
Cash and cash equivalents at the beginning of the period	35,095	13,148
Cash and cash equivalents at the end of period	17,391	35,095

Consolidated Statement of Changes in Equity for the Fiscal Year from October 1, 2006 to September 30, 2007								
Equity								
Equity of the equity holders of the parent								
	Issued capital	Capital reserve	Revenue reserve	Treasury shares	Reserve for currency translation	Subtotal	Minority interests	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
October 1, 2005	11,312	6,739	885	0	125	19,061	1,228	20,289
Share capital increase by issue of shares	1,350	20,790				22,140		22,140
Offsetting of IPO costs (less income tax effect of kEUR 941)		-1,531				-1,531		-1,531
Offsetting of costs from stock option plan		85				85		85
Currency translation					-36	-36		-36
Net income/loss for the period			5,233			5,233	-103	5,130
September 30, 2006	12,662	26,083	6,118	0	89	44,952	1,125	46,077
Offsetting of costs Stock option plan		227				227		227
Repurchase of treasury shares				-1,110		-1,110		-1,110
Purchase of minority interests and offsetting of the cash contribution for the purchase of minority interests against the capital reserves (reported using the entity concept)		-711		933		228	-1,025	-803
Currency translation					-72	-72		-72
Net income/loss for the period			2,618			2,618	-100	2,518
September 30, 2007	12,662	25,599	8,736	-177	17	46,837	0	46,837