

// ANNUAL REPORT

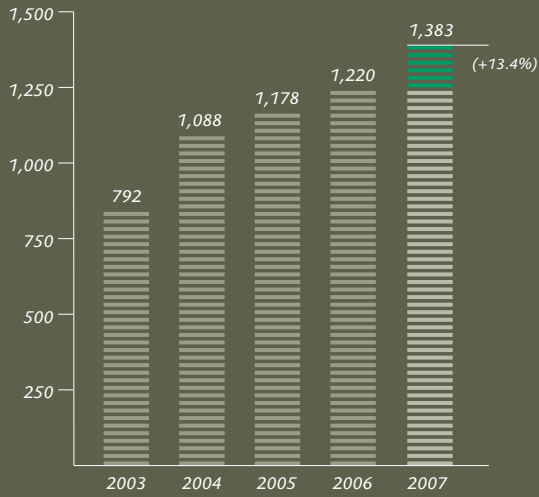


Bechtle – Your strong IT Partner. Today and Tomorrow.

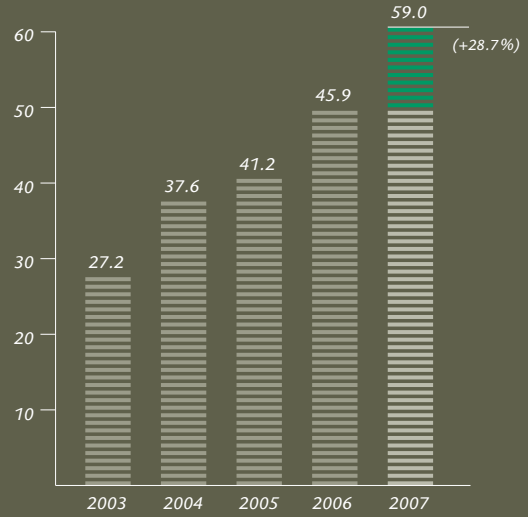


Revenue // EBT

Revenue in million euros

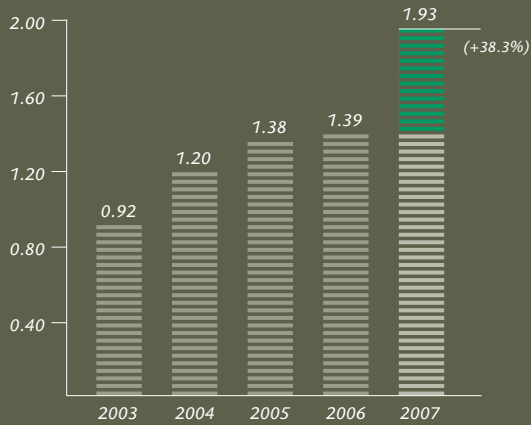


EBT in in million euros

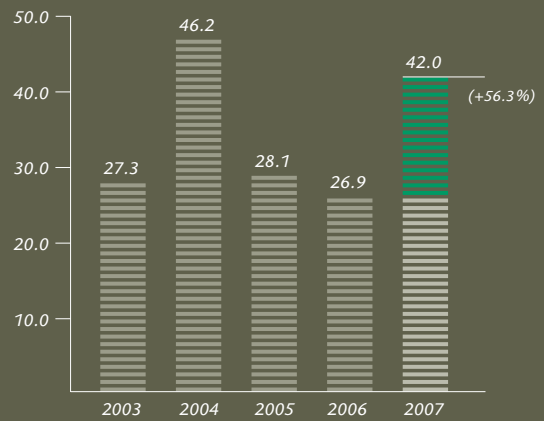


EPS // Cash flow from operating activities

EPS in million euros

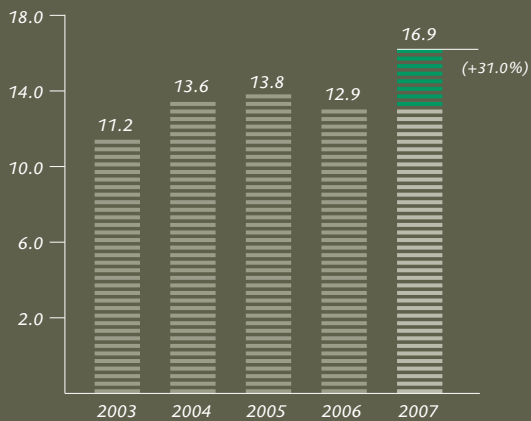


Cashflow from operating activities in million euros

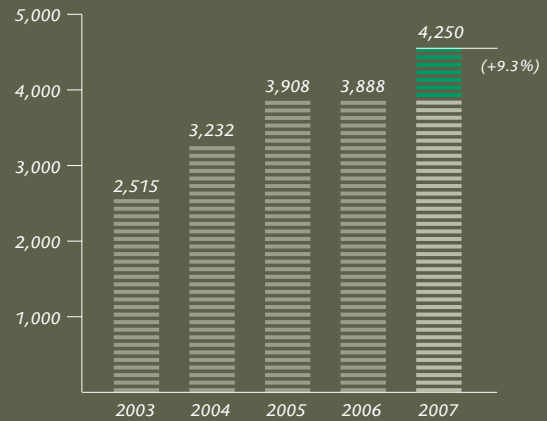


Return on equity // Employees

Return on equity in %



Employees



// THE BECHTLE GROUP IN A FIVE-YEAR COMPARISON

According to IFRS							
		2003	2004	2005	2006	2007	Change in % 2007/2006
Revenue information							
Revenue	th. euros	791,907	1,088,133	1,178,269	1,220,138	1,383,453	13.4
IT system house	th. euros	602,951	729,981	811,042	816,998	885,772	8.4
IT e-commerce	th. euros	188,956	358,152	367,227	403,140	497,681	23.5
EBITDA	th. euros	34,848	48,965 ⁴⁾	53,121	60,186	71,754	19.2
IT system house	th. euros	24,137	25,576	27,510	33,681	42,808	27.1
IT e-commerce	th. euros	10,711	23,389	25,611	26,505	28,946	9.2
EBIT	th. euros	27,051	37,747 ⁴⁾	41,195	45,730	58,253	27.4
IT system house	th. euros	17,182	17,812	18,607	22,597	33,065	46.3
IT e-commerce	th. euros	9,869	19,935	22,588	23,133	25,188	8.9
EBT	th. euros	27,240	37,564 ⁴⁾	41,172	45,859	59,006	28.7
Earnings after taxes	th. euros	18,571	25,274 ⁴⁾	29,286	29,608 ⁵⁾	40,959	38.3
Earnings per share	euro	0.9171	1.1989 ⁴⁾	1.3791	1.3945 ⁵⁾	1.9291	38.3
Balance information							
Equity	th. euros	180,838	217,161	237,447	249,214 ⁵⁾	276,465	10.9
Balance sheet total	th. euros	278,484	385,862	413,946	420,758 ⁵⁾	451,423	7.3
Financial information							
Cash Flow from operating activities	th. euros	27,347	46,222	28,123	26,866	41,993	56.3
Working capital	th. euros	78,652	89,920	109,104	130,814 ⁵⁾	143,680	9.8
Cash and cash equivalents ¹⁾	th. euros	33,694	65,793	51,914	39,352	54,229	37.8
Operating figures							
Return on sales	%	2.3	2.3 ⁴⁾	2.5	2.4 ⁵⁾	3.0	22.0
Sales per employee	th. euros	338.1	363.2	349.5	338.5	363.6 ⁶⁾	7.4
Dividend per share	th. euros	0.30	0.40	0.50	0.50	0.60 ⁶⁾	20.0
Dividend payment ratio	%	34.6	33.6 ⁴⁾	36.3	35.9 ⁵⁾	31.1 ⁶⁾	-13.4
Cash Flow per share	th. euros	1.35	2.20	1.33	1.27	1.98	56.3
Return on equity	%	11.2	13.6 ⁴⁾	13.8	12.9 ⁵⁾	16.9	31.0
Equity ratio	%	64.7	56.3	57.4	59.2 ⁵⁾	61.2	3.4
Total return on capital employed	%	7.5	8.0 ⁴⁾	8.3	8.0 ⁵⁾	10.3	28.8
Market capitalisation as of 31.12.	th. euros	206,040	348,740	347,680	408,100	581,304	42.4
Number of employees as of 31.12. ²⁾		2,515	3,232	3,908	3,888	4,250	9.3
IT system house ³⁾		2,252	2,644	3,239	3,077	3,303	7.3
IT e-commerce ³⁾		263	588	669	811	947	16.8

The financial glossary describes the financial figures calculation

1) Incl. securities 2) Full-time employees, trainees, and employees on maternity or paternity leave or employees doing military or civilian service

3) The employees of the central service units are allocated by revenue, pro rata, to the segments 4) without special item 5) adjusted figure

6) proposal to the Annual General Meeting

// REVIEW BY QUARTER 2007

in th. euros

	1st quarter	2nd quarter	3rd quarter	4th quarter	2007 fiscal year
	1 January to 31 March	1 April to 30 June	1 July to 30 September	1 October to 31 December	1 January to 31 December
Revenue	311,887	319,582	342,833	409,151	1,383,453
EBITDA	16,100	12,161	20,378	23,115	71,754
EBIT	12,922	9,055	17,097	19,179	58,253
EBT	13,215	9,195	17,124	19,472	59,006
Earnings after taxes	9,031	5,800	11,326	14,802	40,959

// CONTENTS



TO OUR SHAREHOLDERS

Corporate Profile	01
Highlights 2007	05
Letter to Shareholders	10
Report of the Supervisory Board	16
Bechtle Group	22
The Bechtle Share	26
Corporate Governance Report	32

GROUP MANAGEMENT REPORT

The Group	
Group structure	43
Business activities	45
Corporate management	48
Employees	50
Management and control	53
Information pursuant to § 315 (4) HGB	54
General setting	56
Earnings, asset and financial position	
Earnings position	58
Asset and financial position	68
Influence of accounting policy on the financial status	73
Risk and opportunity management	
Risk management	74
Opportunities	76
Risks	79
Overall risk assessment	83
Follow-Up Report	85
Outlook	
Overall economy	86
Development of the Group	87
Overall statement	91

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement	93
Consolidated Balance Sheet	94
Consolidated Cash Flow Statement	96
Statement of recognised Income and Expense	97
Notes	98
Independent Audit Opinion	162
Responsibility statement	163
Glossary	164
Financial Calendar	169
Imprint	170

BUSINESS PROFILE

The Bechtle Group has over 50 system houses providing full coverage in Germany and Switzerland, as well as being one of Europe's leading IT e-commerce providers. Thus we rely on a unique business model, combining system house services with the direct sale of commercial IT products.

Since Bechtle was founded in 1983, we have been constantly and steadily growing – regarding turnover, profit and number of employees.

Over 56,000 customers from various industry and service branches, as well as the public sector, trust in our employees' competence and the strength of the Bechtle Group. We offer manufacturer-neutral one-stop shopping for the entire IT infrastructure. Over 4200 employees ensure that our success story continues.

IT SYSTEM HOUSE

Competent partner for IT solutions

Thanks to the Bechtle IT system houses, we are able to provide our clients with IT strategic consulting and can also take care of hardware/software delivery, project planning and implementation, system integration, maintenance, training and even complete operation of IT. We are closer to the customers than any other competitor: In Germany and Switzerland, no other company has such a dense location network. We combine this localisation with strong central performance units: We have specialists for any IT issue in around 20 Competence and Solution Centers. The Bechtle experts are available to all system houses and, depending on the customer's specific requirements, provide on-the-spot support for local project teams. Bechtle Managed Services is another strong unit, that, whether in whole or in part, takes over operational responsibility for the IT infrastructure and application – according to our customers' requirements. Training centres in 19 locations top off our service package.

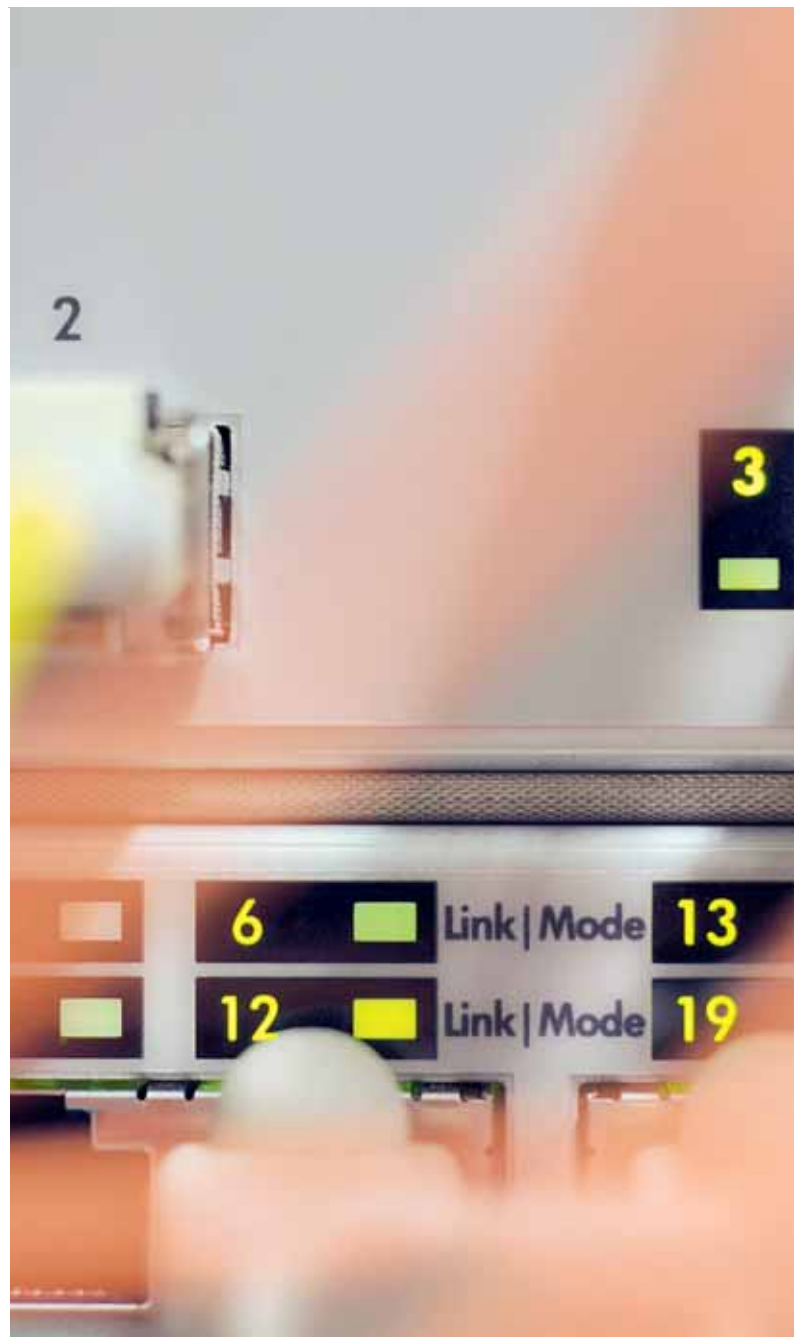
IT E-COMMERCE

High transparency in price and availability

In our trade segment, we offer the direct sale of over 33,000 IT products via the Internet, catalogue and telephone. What is more: professionally trained sales representatives advise our customers over the telephone. Both our *ARP Datacon* and *Bechtle direct* subsidiaries are successful in five countries. We are also successful in four further European markets, thanks to *Bechtle direct*. As one of few providers, we are capable of providing daily updated prices and availability for our entire product portfolio. And all this with an average of 240 new products per week. Extremely lean business processes and a high-performance logistics system guarantee profitable growth for our reselling business. With *bios*®, customers can access a product range that combines custom-made online procurement systems with intelligent asset management solutions. Process costs are significantly reduced for the acquisition and management of IT products.

We are: Your strong IT partner. Today and tomorrow.

// COMPETENCE CENTER

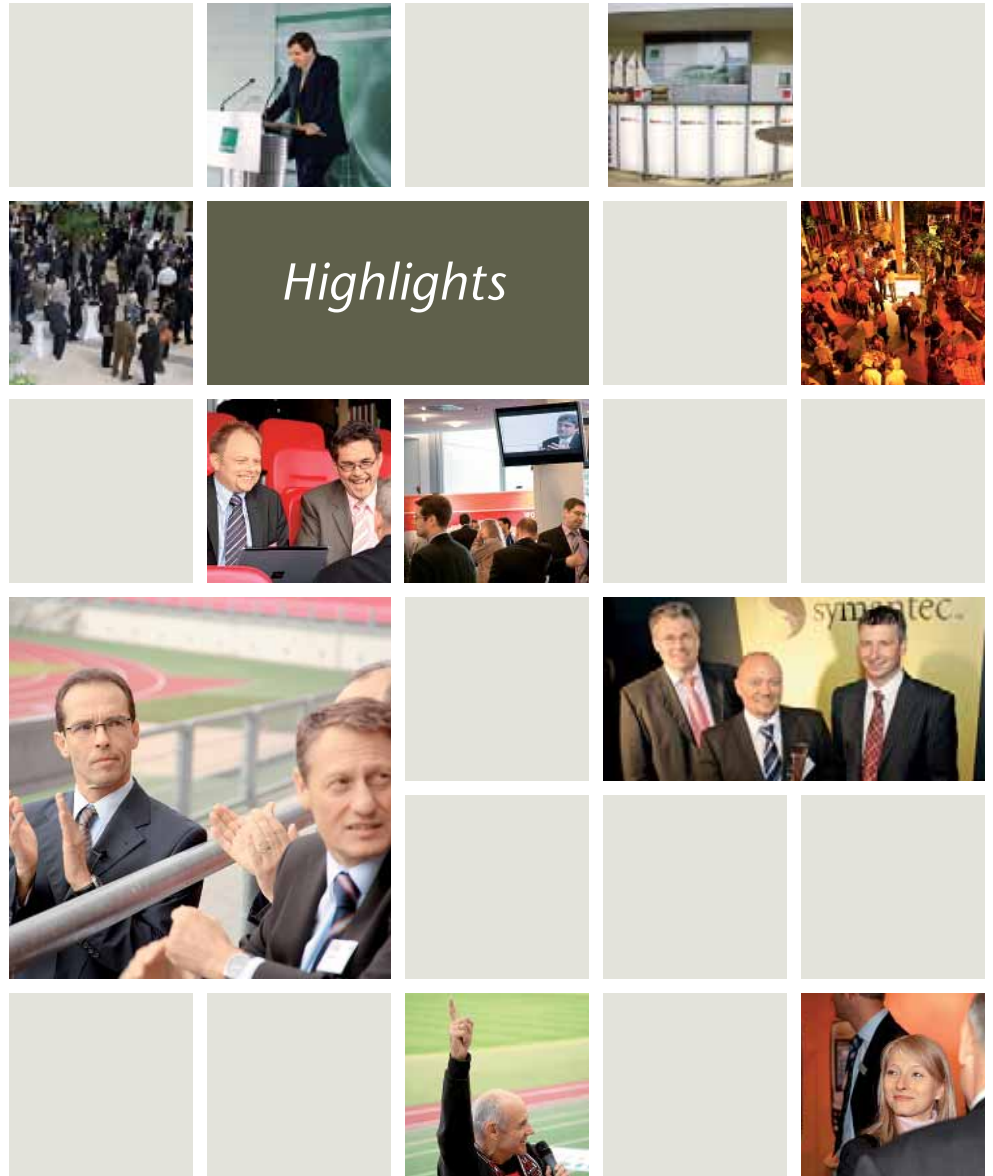


CHARLES KIONGA, 46, Division Manager Bechtle Internet Security & Services – BISS, Neckarsulm, with Bechtle since 1986

»We need minds.«

Bechtle has a good 20 highly specialised Competence Centers, which are used when a project expert with deep specialist knowledge is requested. BISS is one of these Competence Centers. 17 employees who are exclusively committed to IT security.

Charles Kionga heads this team. He has been gripped by the topic of Internet and the strategies for protection against security risks since 2000. The challenges for existing security and communication solutions increase daily. For this precise reason, the graduate engineer collected a team of experts, who are prepared to learn every day, to develop new ideas every day – minds which are as fascinated as he is by the thought to always be a step ahead of security risks.



Highlights 2007 ++ Highlights 2007 ++ Highlights 2007 ++ Highlights 2007 ++ Highlights 2007 ++ Highlights 2007



// HIGHLIGHTS 2007



01

SOFTWARE COMPETENCE

With SOS Developers SAS, Bechtle takes over the largest Microsoft MSDN partner in France. The specialist in trade with software, founded in 1990, has its headquarters in Nice and a location in Paris. It reinforces the presence of the Bechtle subsidiary, Comsoft direct, in France.

EXPANSION OF IT SERVICES

With the acquisition of ITZ Informations-technologie GmbH, Bechtle further expands its service business and in particular benefiting from the competencies of the Essen system house in the area of IT services. The service provider, founded in 1994, is active in IT consulting for selected medium-sized companies and also for large companies.

02

KICK-OFF

In total, 260 managers from all national and international Bechtle locations take part in STRAT 07. The annual Bechtle strategy conference is the central kick-off event for the new fiscal year and forum for the presentation of the strategic orientation of the entire Bechtle Group.

03

NEW CFO

Effective 1 March, Dr. Thomas Olemotz is appointed to the Group Executive Board of Bechtle AG. He is responsible for Finances, Controlling and Investor Relations.

INDUSTRIAL FAIR

At the Bechtle Competence Center Day, over 700 participants receive compact information at more than 40 information and trade fair stands as well as in numerous lectures, speeches and practice reports on the most current IT products, technologies and concepts for solutions.

ROADSHOW

The balance sheet press conference follows a roadshow in Frankfurt to give interested investors and bank representatives the Bechtle balance sheet 2006 as well as an outlook on the fiscal year 2007.

EMPLOYMENT

For the first time, more than 4,000 people are employed with Bechtle.



04

SWITZERLAND

With the acquisition of the leading service provider for printers and multi-function devices in Switzerland, Coma Services AG, Bechtle extends its range of services offered by its Swiss IT system houses. Founded in 1997, the company not only has a central and four intermediate storage sites but also an additional 35 service support points that make it possible to carry out repairs and logistical services quickly and efficiently.

THE NETHERLANDS

With the acquisition of Buyitdirect.com N.V., Bechtle takes a leading market position among Dutch IT e-commerce companies. Established in 1993, Buyitdirect.com specialises in electronic trade in the B2B sector and offers the full range of widely used IT products and software licenses.

PROJECTION INCREASED

After an unexpectedly good performance trend already, in what is traditionally the weakest first quarter, the Executive Board raises the EBT projection for the entire year from 48 million euros to at least 50 million euros.

05

TEAM PERFORMANCE

At the Trollinger marathon and half-marathon, Bechtle AG enters with an international team made up of 77 employees. With over 1,700 jointly traversed kilometres, "Team Bechtle" is among the top five teams in the distance assessment.

EXPANSION

The online trading platform of ARP Datacon in France launches on 2 May 2007, as planned. With its additional locations in Switzerland, Germany, Austria and the Netherlands, the Bechtle subsidiary is thus active in five countries.

06

IT FORUM BAVARIA

The elite class of information technology presents itself at the "Bechtle IT Forum Bavaria" on 28 June. More than 350 visitors accept an invitation from the four Bavarian Bechtle IT system houses to the Nuremberg easyCredit stadium to experience the newest IT trends from over 70 manufacturers live.

DIVIDEND

On 21 June the Annual General Meeting declares a dividend of 0.50 euro per share. The dividend payment ratio thus comes to 35.9 per cent of the Group earnings after taxes.

BECHTLE STORY

Premiere of the film on the Bechtle Company, which from now on can be seen in the permanent display of the Neckarsulm city museum.



07

PARTNERS

Bechtle and IBM establish a Sales Competence Center (SCC). The objective of the initiative is to support medium-sized companies with enterprise solutions both individually and with high technical expertise. Four core areas are the focus: IT security, e-mail archiving, virtualisation and SAP implementation.

PLATINUM

The Bechtle IT system houses in Switzerland move up into the selected circle of Altiris platinum partners. The distinction is an expression of their competence in the areas of system management, asset management and help-desk solutions.

PROJECTION INCREASED

After clear increases in performance over the entire first half-year, the Executive Board raises its EBT projection to 55 million euros.

08

START OF SHAREHOLDERS' DAYS

The demand remains unbroken even in the third consecutive year. In total over 100 shareholders use the opportunity to get a picture of their company onsite and to visit the Bechtle Group headquarters.

SOFTWARE

Bechtle accelerates its expansion strategy in the software licensing business with a new structure for its subsidiary Comsoft direct. The objective in addition to further growth is also the establishment of new software divisions in Europe.

09

EVEN BETTER

The Bechtle main catalogue appears in its 34th edition in a new visual image and an optimised categorising of the product areas. Throughout Europe 180,000 copies in five languages and 13 versions inform IT decision-makers about more than 30,000 products.

AWARD

For the second time in a row, Bechtle receives the Technical Achievement Award in San Francisco for the Europe, Middle East and Africa (EMEA) region of VMware.

MORE THAN EVER

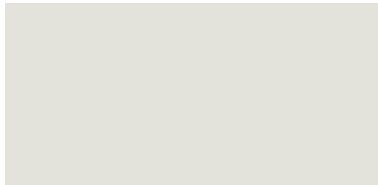
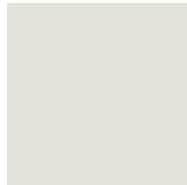
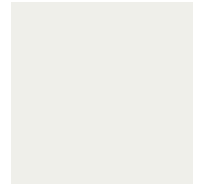
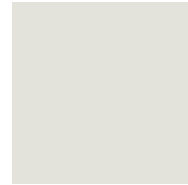
The introductory event for the new Bechtle trainees is bigger than ever before with 68 participants. In total, 256 young people are in training with Bechtle in 2007.

INVESTOR RELATIONS

Bechtle observes numerous appointments with investors and analysts within the context of a roadshow in Frankfurt and Stuttgart.

NUMBER ONE

Hermann Simon publishes his book "Hidden Champions des 21. Jahrhunderts" ("Hidden Champions of the 21st Century"). Among the new revenue multimillionaire of the decade from 1995 to 2005 in Germany, Austria and Switzerland, Bechtle stands at the very top with an average growth of 35 per cent per year.



10

TECHNOLOGY FORUM

The 12th Bechtle Technology Forum "Mobility@Bechtle" presents new hardware, innovative developments and proven-in-practice mobile solutions together with manufacturing partners on Bechtle Platz 1. The series of events for selected customers has been taking place on changing topics since 2002.

ROADSHOW

The Swiss financial centre Zurich is the target of another roadshow to present the Bechtle business model to investors and bank representatives.

INCREASE IN RESULTS PROJECTION

With the provisional figures for the third quarter, the Executive Board increases its EBT projection for the entire year 2007 once again and expects earnings before taxes of 58 million euros.

11

TECHNICAL UNIVERSITY COOPERATION

Within the context of KREATEK, a competition between federal states, a top-notch international jury awards the sketch of ideas "Innovation cluster IT service management Heilbronn-Franken" as one of the winning concepts. Bechtle is also one of the cooperation partners on the project.

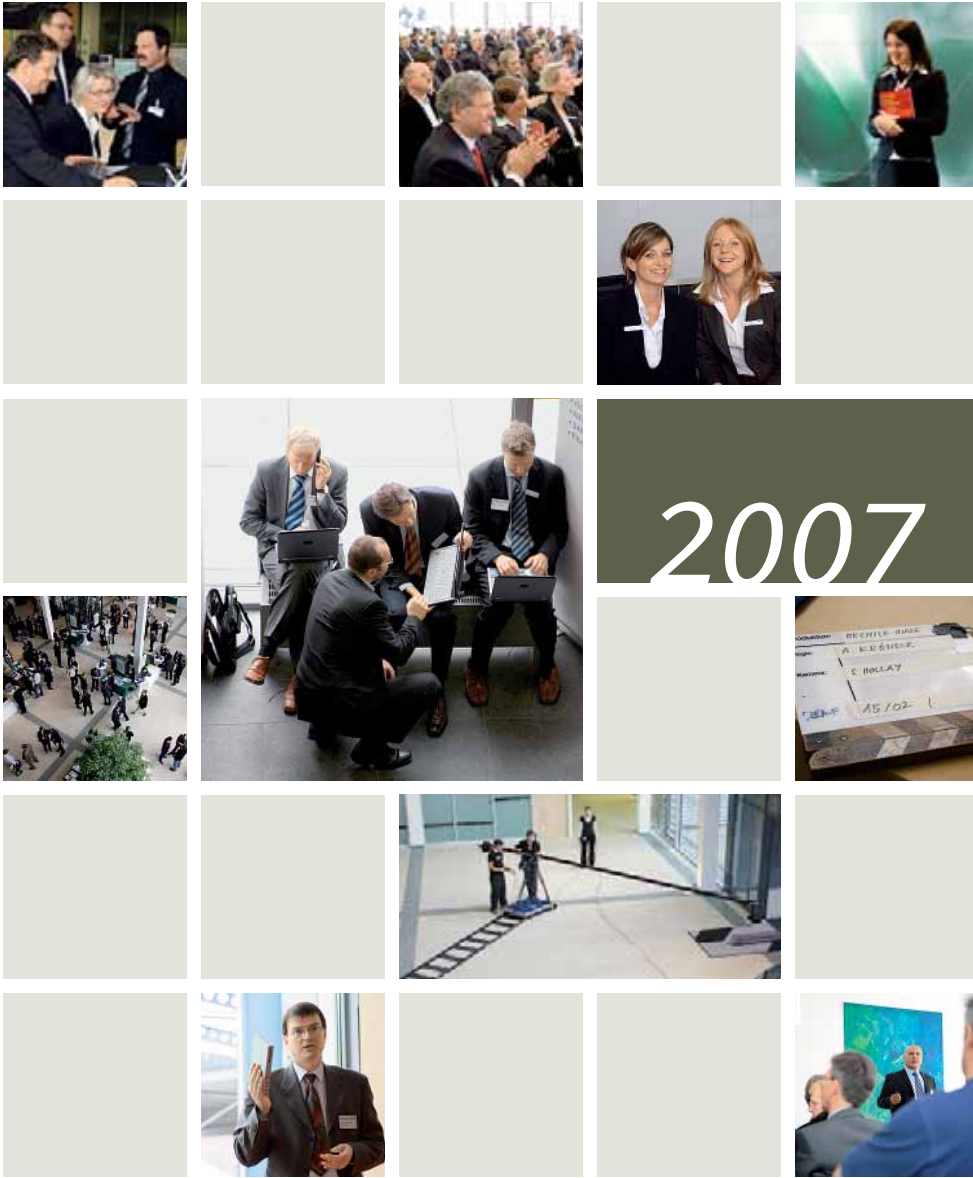
TARGET MARK EXCEEDED

For the first time in its corporate history, the trade business of *Bechtle direct* and *Bechtle direct Public Sector* in Germany exceeds the revenue mark of 100 million euros.

12

GREEN IT

Bechtle erects one of the largest contiguous photovoltaic solar power plants in southern Germany on the roof of the logistics centre in Neckarsulm. With a total area of 2,715 square metres, the expected annual output lies at 381 kilowatts peak. The electricity produced covers the annual demand for electricity of around 110 single-family homes, purely from a mathematical point of view.



Highlights 2007 ++ Highlights 2007 ++ Highlights 2007 ++ Highlights 2007 ++ Highlights 2007 ++ Highlights 2007





RALF KLENK



DR. THOMAS OLEMOTZ

*RALF KLENK //
Chairman and CEO, responsible for Corporate Development,
Business Segments (IT system house, IT e-commerce), Public Relations, Personnel and IT*

Born in 1958. Ralf Klenk was co-founder and first employee of Bechtle GmbH in 1983. After completing his studies in mechanical engineering, he built the company into Germany's leading IT system house with his business partner Gerhard Schick, the current Chairman of the Supervisory Board. He has been the Chairman and CEO of Bechtle AG since March 2004.

*DR. THOMAS OLEMOTZ //
CEO, responsible for Finances, Controlling and Investor Relations*

Born in 1962. Thomas Olemotz started his career at West LB after a bank apprenticeship and studies in business administration followed by a doctorate. He then switched to the Deutsche Bank Group, where he was responsible for the medium-sized mergers and acquisitions business as the business area head. In the next phase of his career he took over the management of corporate development at Delton AG. Before switching to Bechtle, he was on the Executive Board for Finance and Personnel for five years with the listed company Microlog Logistics AG, a company affiliated with Delton AG.

// LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

Come 21 July 2008, 25 years will have passed since the founding of Bechtle. In the same year, 1983, IBM started selling PCs in Germany. Looking back, what began as a one-man company in a brand new sector is even for me as the founding partner and first employee, an almost incredible success story. 25 years – a quarter century that seems to have flown by!

Without question, I am very proud of what we have achieved with Bechtle. It is the success of a dedicated and high-performing team, which is why each and every employee that we can win over to Bechtle makes me proud.

Winning over the best employees for a company is the key to its success. The pleasing results that we have also achieved this past fiscal year confirm that we have people on board who are highly motivated, highly dedicated, have considerable knowledge and enjoying working for their customers. They have made Bechtle into a strong, reliable and successful brand in the IT sector in our core markets of Germany and Switzerland, but also in the seven other European countries where we are represented in direct business. That's why I particularly want to express my heartfelt thanks to our employees for their efforts.

Over the past two years we have undertaken a sweeping restructuring of our organisation, which we will be concerned with in 2008 as well. That we succeeded in doing this without any fuss and in fact with high internal acceptance, is in itself quite remarkable. I personally consider our growth dynamism of the past fiscal year as being even higher. An increase in revenue of 163 million euros within one year in a market that is still characterised by annual price reductions of well over ten per cent is a very good performance. Even more important, however, is our increase in profit by more than one quarter. That singles us out – particularly in the IT sector – as being especially high-performing.

This growth from our own strength shows above all that we have also undertaken the right strategic measures at the right time for our future course.

Particularly pleasing is that our two segments have both developed positively. In IT e-commerce all indications for both trademarks leaned completely towards growth and expansion: For the first time in the German market we were able to exceed the revenue mark of 100 million euros with *Bechtle direct*. And our subsidiary *ARP Datacon* started up the trading platforms in the Netherlands and in France as planned. That makes us present in five countries now with our two brands, and with *Bechtle direct* in another four European markets.

In the IT system house segment we have set ourselves up well when it comes to organisation and personnel in the Managed Services area. We see significant opportunities for growth for Bechtle in this business area. On the one hand, customer demands and thus the market are clearly developing away from individual projects, granting one to this IT partner and another one to that. The demand is clearly going in the direction of complete packages – including taking over the IT operation at the customer's premises – by a single partner who reliably offers everything from one source. On the other hand, an important competitive advantage bears fruit for us in this business: We have an unrivalled close-set location and service network over which we can serve our medium-sized customers directly onsite. At the same time, as the Bechtle Group we have the necessary size to make high-performing units such as our computing centre, the remote control centre, or a good 20 highly specialised Competence and Solution Centers available as required. Our „lived“ orientation toward SMEs and the special units present in the Group gain us an exceptional position in the future market of Managed Services for SMEs.

This conviction together with the certainty of being able to build on a scalable corporate structure that is thus capable of growth makes me very optimistic for the future of Bechtle.

At this year's strategy meeting at the end of January with all our executives, I had a fantastic sense of a new beginning dawning. And it's the same for me myself: After 25 years of success, I have the feeling of just now standing at the beginning of our possibilities. We have laid very solid foundations, on the basis of which we will increase investment in the divisions Public Clients and Managed Services during the current year. A further focus for investment is personnel development, which is the key to our further success.

Dear shareholders, around 1.4 billion euros in revenue this past year is indeed a very good performance. But when you consider that with that we hold a market share of just over one per cent, then you really understand what opportunities for growth still lie ahead for us. The experience of the last 25 years and the knowledge that we have the best employees on board makes me sure: We will achieve our revenue goal for 2010 of two billion euros. Even more: I am convinced that we will also achieve our vision for 2020 of exceeding the five billion mark. All of us here at Bechtle are pursuing these new goals with great motivation. I would be very pleased if you would continue to remain closely associated with us.

DR. THOMAS OLEMOTZ

When I started in my position as CFO in March 2007, Bechtle had set itself the goals of generating revenue of 1.30 to 1.35 billion euros and of increasing earnings before tax to about 48 million euros.

At the end of the year we had clearly exceeded both target figures – in particular the earnings goal. But to draw the conclusion from this that the original targets were not sufficiently demanding would surely be wrong. The favourable economic environment in connection with the efforts of the people at Bechtle is what made this success possible.

When it comes to profit, between the first forecasts communicated in March and the end of 2007 there were three lift-ups until at the end we were at 58 million euros. In actual fact, we even were able once again to exceed this target mark through a brilliant final spurt. At the end of the day, we managed to achieve disproportionate earnings growth of a good 28 per cent. We were able to expand our revenue by over 13 per cent – this too being very considerable on this scale. We are thus at more than double above the growth rate of the entire German IT market.

In 2007 we were able to optimally take advantage of the good economic trends in our markets. Above all, Bechtle benefited from a high inclination toward investment among companies. In addition, our internal structural measures of the last two years have made themselves noticed in a positive way.

To be able to comprehensively assess the overall development, however, and the thrice raising of the results projection, it is also important to be familiar with the seasonality of our sector. In our fiscal year the last quarter and here in particular the final month traditionally play a crucial role. The holiday situation this past year made it advisable to assess December as coming in weaker than the comparable period of the prior year. Despite the fewer number of workdays, however, Bechtle succeeded in booking the highest revenue quarter in the company's history with 410 million euros. A comparison: The company went public in 2000 with a somewhat smaller annual revenue for the entire Bechtle Group.

Before this backdrop, the step-by-step raising of our own expectations for 2007 was by no means an expression of too conservative planning, but rather the result of a careful commercial assessment of the economic trends that also always includes risks along with the opportunities in the sense of an open capital market communication.

At the Bechtle IT system houses, our attention last year was on the expansion and further qualification of the sales teams. We have thus created the necessary prerequisites when it comes to quality for driving the expansion of our higher-margin service offer. Overall, the IT system house segment developed a noticeable dynamism over the course of 2007. Both for Managed Services and in the business area Public-sector customers rising revenues evolved, which are due in no small part to the organisational changes of the past two years. The success can also be read from the pleasing margin development going from 2.8 to 3.7 per cent.

In IT e-commerce Bechtle consistently pursued the multiple brand strategy and bet on the further internationalisation of the brand ARP. At the same time, it was possible to further expand and qualify the direct sales teams. In the trade segment we continued to achieve an excellent revenue-earnings ratio with 5.1 per cent, which once again shows that Bechtle has highly efficient processes here.

The outlook of our share – from today's point of view – only conditionally reflects the very good development of the Group measured by the year-end price, even if we have clearly exceeded the performance of all indexes. Although the price history shows a clear upwards trend for the isolated observation of the reporting year, in June exceeding the issuing price of 27 euros for the first time since 2000, and in October marking a new all-time high with 35.59 euros. In the meantime the general uncertainties on the share markets have allowed the price of the Bechtle share to fall again. Nonetheless, the assessments of the analysts allow us to be optimistic, as they see our share as being clearly undervalued again at the current level.

For our part, as in the past we will do everything we can to establish Bechtle as an attractive intrinsic value with strong growth and business success. And I, for my part, may add that we will continue to strengthen our communication with the capital market – as already happened in 2007.

We will do this with great conviction, because after one year my conclusion is by all means positive: Bechtle is a rock solid company with a superior business model, out-standing employees, an impressive company history and – what's most important – with excellent prospects. In the coming years we will continue to participate disproportionately in the market growth. In this regard – as you are accustomed to expect from Bechtle – the long-term protection of the company has the priority over short-term optimisation of earnings.

Dear shareholders, it is with great pleasure for Mr Klenk and me, together with our Supervisory Board, to be able to propose to the Annual General Meeting the distribution of a repeat increased dividend of a total of 0.60 euro. 2007 was a record year economically speaking! We want to have our investors share appropriately in this in our anniversary year.

In closing, my thanks also go out to the more than 4,200 employees who have performed excellent work once again during the past year. Thanks also to the Supervisory Board for the pleasant and professional collaboration. And I would like to thank our shareholders for their trust in *our* Bechtle. I would be very pleased if you would continue to accompany us on our way.

Sincerely



Ralf Klenk

Sincerely



Dr. Thomas Olemotz

// PUBLIC SECTOR



CARINA WALTZ, 25, Customer Farmer, Bechtle direct Public Sector, Neckarsulm, with Bechtle since 1999

»Consulting shouldn't be viewed as being between a customer and vendor, but as being between colleagues.«

Public sector clients such as communes, hospitals, universities or administrations can comfortably log in to Bechtle in their respective allocated online shops using their customer number and postcode. These contain daily updated, reliable prices, special conditions and availability for all IT products – as well as their personal contact person.

18 employees in *Bechtle direct Public Sector* currently care for customers in the civil sector. Besides telephone consulting and active calls, tenders are an important part of the range of tasks. Carina Waltz knows that it's not always about the price. Service is important, as is quick delivery. In the end it's the "good rapport" with the customers that makes Bechtle the right choice.

// REPORT OF THE SUPERVISORY BOARD



GERHARD SCHICK,
Chairman of the Supervisory Board of Bechtle AG

In the fiscal year 2007 the management of Bechtle AG continued to work on optimally preparing the company for the challenges facing it in the future, and therefore lay the foundations for long-term success. The organisational structure has been adapted and new areas have been established and expanded. In addition, not only have three new acquisitions been integrated in the Group, but in the year prior to the company's twenty-fifth anniversary, we also had the best fiscal year in our history.

In accordance with the diversity and fundamental importance of the topics with regard to the company's success, the Supervisory Board was also faced with particular challenges in the last fiscal year. In addition to the functions incumbent upon it by law and according to the articles of incorporation, the Supervisory Board also extensively met the increased auditing and supervisory obligations as prescribed by the legislator and specified by law over the last few years.

The Executive Board informed the Supervisory Board verbally and in writing on a regular basis and in a timely and comprehensive manner about the issues of corporate planning and strategy, the course of business and the Group's situation, as well as the risk situation and opportunities and risk management.

In addition to personal contact with individual members of the Supervisory Board, the Executive Board informed the Supervisory Board on a regular basis as follows:

- on a monthly basis about new orders/the contribution margin and
- revenue/contribution margin for the Group, the segments and the individual subsidiaries, as well as with the previous year's comparative values
- on a monthly basis about earnings before taxes and personnel development for the Group, the segments and individual subsidiaries
- on a quarterly basis at meetings about the previous quarter and the prospects for the coming months.

The Supervisory Board, for its part, gained an independent picture of the company and thus monitored the Executive Board, but also the company's development in general. At the individual meetings, the Supervisory Board regularly concerned itself with the business, revenue and earnings development of the Group and its segments; as well as the financial situation, the implementation of the strategy and personnel development.

These independent auditing and monitoring measures by members of the Supervisory Board included in particular:

- regular auditing of the income statements of individual subsidiaries and checking for irregularities
- participation in strategy meetings
- participation in management conferences
- participation in risk management meetings.

As a result of timely and detailed information supplied by the Executive Board to the Supervisory Board, the Supervisory Board was able to meet its supervisory function in full. The inspection of books and documents within the meaning of § 111 (2) AktG (German Stock Corporation Act) over and above the audit of the financial statements was not necessary.

MEETINGS AND CENTRAL ISSUES

Four meetings of the Supervisory Board's plenary session were held in the reporting period, namely on 6 February, 26 March (balance sheet meeting for the annual financial statements 2006), 24 July and 23 October. No extraordinary meetings were held. The Chairman of the Executive Board also informed the Supervisory Board in detail between the meetings about projects which were of special importance for the company or were urgent. Whenever required, resolutions were passed by way of written circulation.

All measures and transactions requiring the consent of the Supervisory Board were discussed in detail at Supervisory Board meetings or committee meetings. Therefore, the Supervisory Board approved the financial statements and consolidated financial statements from the previous year at its balance sheet meeting, agreed to the proposal for the appropriation of earnings, and finally adopted the corporate plan for 2007. In addition to the three acquisitions, points for discussion in the last fiscal year were above all the organisational and structural changes to the group management, optimisation of the company's image in Switzerland, the further development and expansion of the Managed Services division and the consistent continuation of the multi-brand strategy in IT e-commerce.

In 2007 an extensive audit on the efficiency of the work of the Supervisory Board took place on a rotational basis. On the basis of the guidelines of the German Protection Association for the Ownership of Securities (Deutsche Schutzvereinigung für Wertpapierbesitz e.V.) the members of the Supervisory Board assessed all aspects of the work of the Supervisory Board, and looked into optimisation potential. The audit concluded that the work of the Supervisory Board is efficient. The next regular audit is due to take place in three years' time. However, if the plenary session comes to the conclusion that efficiency is deteriorating, the audit will be carried out annually.

COMMITTEES

The Supervisory Board set up two committees. The Balance Sheet and Accounting Committee met on 22 March, 23 July and 10 September. It carries out the tasks of an audit committee, and in 2007 it primarily concerned itself with the quarterly reports, the preliminary audits of the annual and consolidated financial statements and the audit of the risk management system set up in the Group. In addition, transactions requiring approval – such as acquisitions and long-term contracts – and corporate governance issues were discussed at the respective meetings. The Balance Sheet Committee also adopted resolutions by written consent in lieu of a meeting in addition to resolutions at meetings.

The Personnel Committee met on 22 March. Its task focused on remuneration issues and changes to the Group's management.

The Balance Sheet and Accounting Committee is headed by the Chairman of the Supervisory Board; the Personnel Committee by Dr. Jochen Wolf. At the plenary sessions, the Supervisory Board was informed about the work of the two committees in detail.

In accordance with § 27 (3) of the Codetermination Law (Mitbestimmungsgesetz) the Mediation Committee did not have to be convened in 2007 – just as in previous years.

The Corporate Governance Code also recommends the formation of a Nomination Committee that is staffed exclusively by representatives of shareholders, and proposes suitable candidates to the Supervisory Board, to be nominated at the Annual General Meeting. The Supervisory Board of Bechtle AG did not form such a committee. Given the current team, the Supervisory Board regards such a committee as surplus to requirements.

MEMBERS OF THE SUPERVISORY BOARD AND EXECUTIVE BOARD

In 2007 there were staff changes to the Supervisory Board and Executive Board.

In the case of employees' representatives on the Supervisory Board, these were as follows:

As of 17 January 2007 Peter Leweke stepped down from the Supervisory Board. His seat on the Supervisory Board was taken by Udo Bettenhausen, clerical staff member, effective on 18 January 2007.

Ralf Feeser stepped down from the Supervisory Board as of 22 June 2007. His seat was taken by Rüdiger Dibbert, senior clerical staff member, as of 22 June.

Ralf Feeser was Deputy Chairman of the Supervisory Board. Uli Drautz was elected as the new Deputy Chairman of the Supervisory Board on 2 July 2007. Ralf Feeser was also a member of the Human Resources Committee. Uli Drautz has also taken on this seat.

The term of office of the members of the Supervisory Board will end after the conclusion of the shareholders' meeting, which will decide on the discharge for the fiscal year 2007.

The following changes were made to the company's Executive Board:

As of 1 March 2007 Dr. Thomas Olemotz was appointed to the Executive Board by the Supervisory Board of the company. He took over the management divisions Finances, Controlling and Investor Relations from Ralf Klenk.

As part of the implementation of the new organisational structure, the Executive Board contracts of Jürgen Schäfer and Gerhard Marz with Bechtle AG expired as scheduled as of 31 July 2007. Both gentlemen will continue to work for the Bechtle Group in their existing functions within the new structure. As Executive Director of the operatively active Bechtle Systemhaus Holding AG, Gerhard Marz is responsible for the German IT system houses and the Competence and Solution Centers. As an Executive Director of Bechtle direkt Holding AG, Jürgen Schäfer is directly responsible for the trading activities of the Bechtle brand.

CORPORATE GOVERNANCE AND DECLARATION OF COMPLIANCE

The Supervisory Board has concerned itself with the rules of the Corporate Governance Code, paying particular attention to the amendments to the version of 14 June 2007.

To ensure compliance with the German Corporate Governance Code, the Supervisory Board checked the implementation of the recommendations at Bechtle AG. The Supervisory Board and the Executive Board renewed the Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) in February 2005, March 2006, February 2007 and February 2008. The deviations from the recommendations of the government commission are explained in detail in the "Corporate Governance Report". In addition, the Declaration of Compliance can also be permanently accessed on the Bechtle website.

FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS 2007

The shareholders' meeting elected Ernst & Young AG, Heilbronn, as the public auditor and group auditor for the fiscal year 2007. After the mandate was granted by the Supervisory Board, it audited the financial statements of Bechtle AG, the consolidated financial statements and the management report for Bechtle AG and the Bechtle Group for the fiscal year 2007, with the inclusion of the accounting and the risk management and early warning system for the detection of risks; and furnished them with unreserved auditor's certificates. The consolidated financial statements of Bechtle AG were prepared according to IFRS. The public auditor certified that these consolidated financial statements meet the conditions for an exemption from the preparation of financial statements according to German law. The subject of the audit was also the monitoring system for early detection of risks to be set up by the Executive Board. The auditor certified that the established system fulfils its tasks.

The documents to the financial statements, the proposal for the appropriation of earnings of the Executive Board and the auditors' reports of the statutory auditor were sent to the members of the Supervisory Board without delay after completion, and were dealt with in detail in both the Balance Sheet Committee and the Accounting Committee and in the General Committee. The statutory auditor participated in the balance sheet meeting on 26 March 2008 and reported in detail on the main elements of the audit and the key results of the audit.

The Supervisory Board approved the result of the public auditor after its own audit; no objections were raised. After the final result of the audit by the Balance Sheet and Accounting Committee and the entire Supervisory Board, the Supervisory Board approved the financial statements and consolidated financial statements prepared by the Executive Board at the balance sheet meeting held on 26 March 2008. Therefore, the financial statements of

Bechtle AG for the fiscal year 2007 are adopted according to § 172 AktG (German Stock Corporation Act). The Supervisory Board endorses the proposal of the Executive Board for utilisation of the net profit. The Supervisory Board is in agreement with the management report and the Group management report of the Executive Board.

In addition, in the last fiscal year a routine audit of the consolidated and financial statements together with the management reports 2006 of Bechtle AG was also carried out by the German Financial Reporting Enforcement Panel (DPR). As a result of the audit lasting several weeks, the DPR concluded that the accounting of Bechtle AG was in order.

The Supervisory Board is convinced that Bechtle AG – also against the backdrop of the basic measures implemented in the last two fiscal years – is well positioned for the future, and will also continue its successful course in the anniversary year 2008.

The Supervisory Board would like to thank the entire Executive Board and all the employees of Bechtle AG for their dedication and outstanding work. It would like to thank the shareholders for the confidence they have shown in us.

For the Supervisory Board



Gerhard Schick
Chairman of the Supervisory Board

Neckarsulm, 26 March 2008

// IT E-COMMERCE



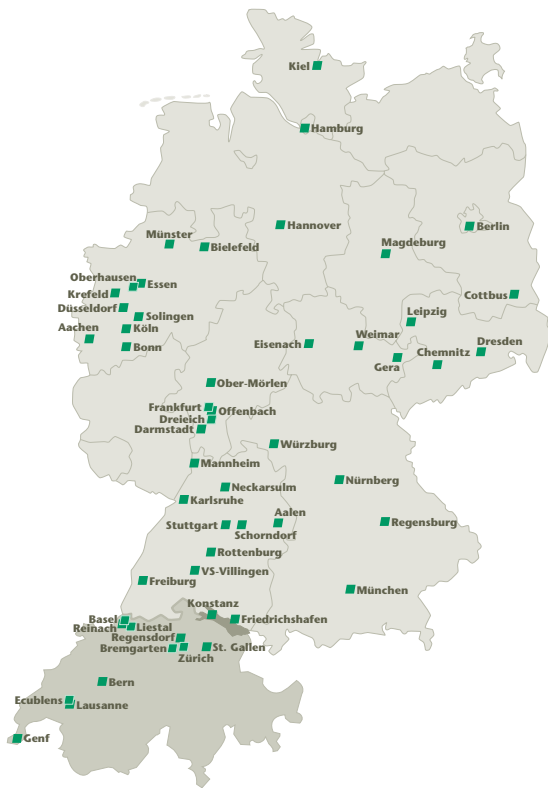
JEAN-PAUL BIERENS, 34, Sales Manager, Bechtle direct B.V., Eindhoven, Netherlands, with Bechtle since 2001

»We are one big European family.«

Bechtle direct is present in nine European countries. The fourth subsidiary outside of Germany was established in the Netherlands in 1998, providing the direct sale of IT products via the Internet, catalogue and telephone. Today, the Eindhoven location has 30 employees, who are in touch with the customers daily. With an average age of 27, the team is young – and successful: In 2007, the HP E-Preferred Partner of the Year achieved a turnover growth of 34 per cent and, since February 2008, also boasts an ISO certificate.

According to Jean-Paul Bierens, this success is based on three strong pillars: Good, personal contact with the customers, the sales team's numerous manufacturer certificates, and, above all, staff who enjoy their job. The exchange with European colleagues is also important to him because it is imperative for growing cohesion which, in turn, is good for business.

// BECHTLE-GROUP



GERMANY

(44 locations in 12 federal states)

- Baden-Wuerttemberg
- Bavaria
- Berlin
- Brandenburg
- Hamburg
- Hesse
- Lower Saxony
- North Rhine-Westphalia
- Saxony
- Saxony-Anhalt
- Schleswig-Holstein
- Thuringia

SWITZERLAND

(11 locations in 8 cantons)

- Aargau
- Basel-Landschaft
- Basel-Stadt
- Berne
- Geneva
- St. Gallen
- Vaud
- Zurich

IT SYSTEM HOUSE

- 20 Competence and Solution Centers
- 19 training centres
- around 750 sales employees
- around 2,100 service employees
- on site for customers across the country

CENTRAL SERVICES

Finance & Controlling
Corporate Communications & Investor Relations
Personnel & Academy
IT & Data Centre



BECHTLE DIRECT

Belgium
Germany
France
Great Britain
Italy
The Netherlands
Austria
Switzerland
Spain

ARP DATACON

Germany
France
The Netherlands
Austria
Switzerland

IT E-COMMERCE

- 33,000 products
- up-to-date prices and availability
- around 550 sales employees
- distribution via online shops, catalogues and telesales

LOGISTICS & SERVICE

Purchasing
European Logistics
Product Management
Warehouse
Direct Marketing
Media Design
European Translation & Printmedia
Address Management
Returns & Replacement Management
Event management

// LOGISTICS



GEORG FELSING, 50, Warehouse Management, Bechtle Logistik & Service GmbH, Neckarsulm, with Bechtle since 1989

»We tick like a Swiss watch.«

What others tend to hide from the public eye is one of the highlights of every tour of the Bechtle Head Office: the warehouse. Our logistics building with 16 rolling gates is the hub for incoming and outgoing goods. For a company with a strong trade segment and a goods-intensive project business, this means a crucial link between manufacturers and distributors on the one hand, and the customers on the other.

Impressively, in the past 15 years Bechtle's storage space has increased more than 100-fold – from 80 to now 9,000 sqm. Back then, the warehouse handled around 20 outgoing packages per day. Last year it was an average of 3,344, and the current record is 8,210 packages. That's a great accomplishment from Georg Felsing's team. Every day 51 employees see to it that the customers receive their goods. Quickly and reliably.

// THE BECHTLE SHARE

STOCK MARKET

In 2007, stock markets were very active. Slumps on the Chinese stock market, problems on the US mortgage market and inflation worries in Germany exerted strong downward pressure in part on German stock markets during the course of the year. However, circumstances like flourishing world trade, high company profits and a sufficient supply of liquidity in the end resulted in a positive development of most German and European stock market indexes in 2007.

Since the beginning of 2008, stock markets worldwide have once again been under great pressure. The crisis in US financial markets, its spread to global markets and the uncertain economic development in the USA led to increased feelings of insecurity among investors. Prices collapsed in many areas and were unable to recover by the end of February.

In 2007, the major German stock market indexes presented a mixed picture. While the MDAX was unable to rise more than 4.5 per cent and hence remained well below its development in the previous year (+28.4 per cent), the SDAX lost even 7.00 per cent during the course of the year (previous year: +31.1 per cent). By contrast the DAX made a clear gain of 22.0 per cent (previous year: 21.9 per cent). In July the German benchmark index reached a new all-time high and at the end of 2007 was just below this. During the course of the year the TecDAX made gains of 29.9 per cent and the SME index of Deutsche Börse, GEX, jumped 30.2 per cent. DAX, TecDAX and GEX thereby outdid their performance in the previous year. In the current year all the stock market indexes mentioned have surrendered their 2007 gains and at the end of February were in part at their previous year's level (DAX, TecDAX, GEX), in part significantly below this (MDAX, SDAX).

BECHTLE SHARE: 2007 DEVELOPMENT

The performance of Bechtle share in 2007 was highly encouraging. With a gain of 42.1 per cent the share outperformed the stock market indexes. However, especially in the second half of the year there were in part dramatic fluctuations with corresponding price setbacks.

Bechtle shares began on 2 January at a price of 19.30 euros and in the first months developed largely in harmony with the market – initially showing an upturn and then fluctuating at approximately the same level. From May on though the share detached itself from the market development as a whole and chalked up a much higher rate of growth. On 15 June, with a closing price of 27.20 euros, the issue price of 27.00 euros from 2000 was exceeded again for first time. After a marked fall at the beginning of August, there was pronounced recovery, which culminated on 17 October in an annual peak and an all-time high

of 35.59 euros. From mid-November the stock came under heavy pressure and once again slipped below 30.00 euros. The share was unable to offer this trend lasting resistance up to the end of the year. At the year close on 28.12. the price of the Bechtle share was 27.42 euros.

The market capitalisation rose in tandem with the price development in the course of the year from 409.2 million euros to 581.3 million euros. The market capitalisation measured in relation to the free float relevant for the weighting in the stock market indexes rose from 202.6 million euros to 287.7 million euros.

The liquidity of the Bechtle share improved significantly during the reporting period. The number of shares traded on all German stock markets amounted to 18.1 million, after 13.1 million in the previous year. At 71,856 shares this represented a trading volume on each day of trading 39.4 per cent higher than in the previous year (51,561 shares). Revenue rose even more clearly by 105.1 per cent to a total of 492.3 million euros per day (previous year: 240.0 million euros).

Thanks to the boost in market capitalisation, the Bechtle AG was able to move up the ladder in the index ranking of the TecDAX as of 31 December 2007. The share advanced from 33rd place to 25th. Bechtle was also able to achieve a significant improvement in the second key criteria, trading volume. Here the share was 28th at the end of the year (previous year: 37th place). This was due to the higher liquidity of Bechtle shares.

BECHTLE SHARE: 2008 DEVELOPMENT

During the current year Bechtle share has been unable to resist the downward trend of international markets. The downward movement evident since December 2007 continued in January and in February resulted in a leveling-off just above 20 euros. At the end of February Bechtle was quoted just above the previous year's level.

At an average of just over 100,000 shares traded daily the liquidity in the first nine weeks of the current year was once again higher than the previous year's level. In the TecDAX index ranking on 29 February 2008, Bechtle ranked 27th in terms of market capitalisation. Bechtle was also able to make further gains in trading volume and on 29 February 2008 ranked 26th.

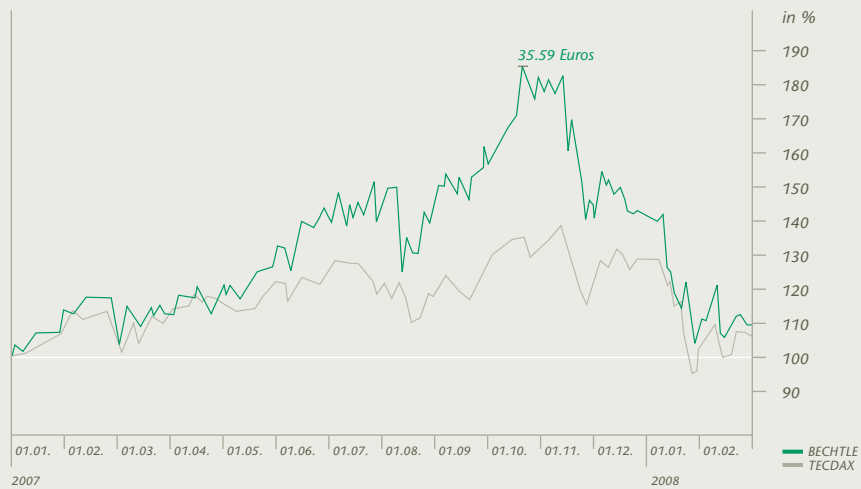
SHAREHOLDER STRUCTURE

On 10 August 2007, Schick GmbH acquired 6,500 Bechtle shares at a price of 24.69 euros via Xetra. These shares are assigned to the major shareholder Karin Schick, who is a partner in Schick GmbH. The investment holdings have increased marginally as a result of this purchase from 32.00 per cent to currently 32.03 per cent. The holding company BWK GmbH, which had an interest in Bechtle

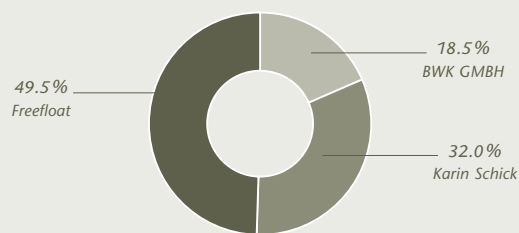
Master data for Bechtle share

Type of Share	No-par-value
Stock exchange	Frankfurt and all five regional exchanges
Stock market segment	Prime Standard
Index	TecDAX
WKN	515 870
ISIN	DE 000 515 870 3
Symbol	BC8
Designated Sponsor	Landesbank Baden-Württemberg
First Trading Day	30 March 2000

Price Performance



Shareholder structure



as of 31.12.2007
(based on 21.2 million shares)

Dividend in euro



Key data

		2007	2006
Shares entitled to dividend ^{1) 1)}	no.	21,200,000	21,200,000
Year's opening price	euros	19.30	16.40
Year's closing price	euros	27.42	19.25
Year's high	euros	35.59	22.20
Year's low	euros	19.45	14.05
Year's performance – absolute	euros	+ 8.12	+ 2.85
Year's performance – percentage	%	+ 42.1	+ 17.4
Market capitalisation – total ¹⁾	million euros	581.3	408.1
Market capitalisation – Free float weighted ¹⁾	million euros	287.7	202.1
Average trading volume per trading day ²⁾	no.	71,856	51,561
Average trading volume per trading day ²⁾	euros	1,953,582	941,081
Amount distributed	million euros	12.7 ³⁾	10.6
FIGURES PER SHARE			
Earnings per Share	euros	1.93	1.39 ⁴⁾
Dividend	euros	0.60 ³⁾	0.50
Dividend yield ¹⁾	%	2.2	2.6
Cash Flow per share	euros	1.96	1.27
Price-Earnings-Ratio ¹⁾		14.2	13.8 ⁴⁾

1) as of 31 December

2) all German exchanges

3) subject to approval by the Annual General Meeting

4) adjusted figure

before its market listing, holds another 18.47 per cent, and like the founder family Schick, pursues a long-term investment strategy.

At the time of the preparation of the annual financial statement the free float was 49.50 per cent. It is distributed among a wide investor structure consisting of private and institutional investors from Germany and abroad.

Following a sale of 170,000 shares the share ownership of the Chairman of the Executive Board comprises 0.9 per cent (previously: 1.7 per cent). The sale was effected as an OTC transaction and consequently with minimum impact on the price.

DIVIDEND

Ever since its IPO, Bechtle has pursued a stable dividend policy, oriented to continuity. The company remains one of the few on the technology index that distributes annual profits to its shareholders. This year too the shareholders are to participate appropriately in the company's success. For the fiscal year 2007, the Executive Board and Supervisory Board will propose a dividend of 0.60 euros per share to the Annual General Meeting. The distribution sum for the fiscal year 2007 would consequently amount to 12.7 million euros. The dividend ratio would be 31.1 per cent of the consolidated surplus. Based on the closing share price at the end of the year, this equates to a dividend yield of 2.2 per cent for shareholders (previous year: 2.6 per cent).

EARNINGS PER SHARE

The basic earnings per share (EPS) during the reporting period were 1.93 euros and consequently 38,3 per cent above the previous year (1.39 euros). The basis for calculation for the EPS was the 21,200,000 shares in circulation in the previous year.

INVESTOR RELATIONS

As a TecDAX stock, the Bechtle share is highly regarded on the capital market. In particular as a result of the development of the share and the good company results, interest in Bechtle has risen considerably. Against this background, communication with the capital market in the preceding fiscal year was notably expanded and intensified. In 2008, Bechtle will pursue this approach consistently.

The recommendations of analysts are among the central instruments for opinion forming among shareholders and investors. In 2007 a total of seven banks reported regularly on Bechtle in comprehensive studies and topical brief analyses. For the first time these included Merrill Lynch. In addition, Berenberg Bank, DZ Bank, HSBC Trinkhaus & Burkhardt, the Landesbank Baden-Württemberg, Metzler bank and WestLB had Bechtle AG on their

observation list. During the previous fiscal year the share was for the most part assessed as buy or hold.

In individual discussions, roundtables and roadshows at the major German and Swiss financial locations Bechtle informed institutional investors about the economic situation, company strategy and prospects of the company. To an increased degree the Executive Board also conducted individual discussions with interested investors at the group headquarters in Neckarsulm – these included many first-time contacts.

The seventh Annual General Meeting on 21 June 2007 in Heilbronn was among the most important events on the company calendar. Approximately 510 shareholders represented 69.6 per cent of the voting share capital. The Executive Board provided information on the figures of the previous fiscal year and gave a preview of 2007. The meeting approved all the proposals of the Executive Board and Supervisory Board with majorities of almost 100 per cent.

In addition to the Annual General Meeting in 2007, so-called "Bechtle Shareholder Days" were organised for interested investors for the third time in a row. Shareholders were able to form their own impression of the company at the group headquarters. About 100 participants made use of this opportunity and questioned us on business orientation and strategy. We now regard the series of events as established, so that Bechtle will continue them in 2008 too.

The homepage of Bechtle AG, www.bechtle.com, underwent a thorough overhaul at the beginning of 2008. Here, interested parties can find clearly structured price and stock market index charts, ad hoc and press releases, financial publications, disclosures on corporate governance and directors' dealings and major company publications. Research on Bechtle AG is presented in summarised form. Every Monday a weekly report reflects the price development of the previous week and sums up the most important press and analyst utterances. One new feature among others are multi-year reviews with key company data. We are continuing to work on adjusting the homepage regularly both in terms of user prompting and contents to the needs of the users.

// MANAGED SERVICES



ANDREAS LOHSE, 37, Service Manager and Team Leader Managed Services South, Bechtle Onsite Services GmbH, Neckarsulm, with Bechtle since 2005

»The customer sees us as
a solutions provider, a partner rather than
a mere supplier – we care.«

The most important task of Bechtle Onsite Services is the assumption of responsibility for a customer's IT infrastructure. This we do with established teams. Every day. And on site; very much like an internal IT department. Offering a service like this, you need to win the customer's confidence. You need to speak the same language, be at eye level, believes Andreas Lohse, who is in charge of 35 employees in Baden-Wuerttemberg and Bavaria.

The Bechtle teams become an integral part of the company and gain in-depth knowledge of customer-specific processes. Excellently trained and certified service technicians and engineers ensure high availability, security and stability: For them, IT dysfunctions are not a problem but resolvable tasks.

// CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE IS THE CENTRAL BASIS FOR UNDERSTANDING MANAGEMENT

The Executive Board and Supervisory Board of Bechtle AG declare their total belief in the principles of Corporate Governance. The rules are central orientation markers for members of both executive bodies with regard to the responsible management and/or control of the company.

The following principles of Corporate Governance are of particular importance for the Executive Board and the Supervisory Board.

- effective and constructive cooperation between the Executive Board and Supervisory Board
- a high degree of transparency in accounting
- a high degree of transparency in corporate communication
- respect for shareholders' interests and
- performance-related remuneration for the Executive Board and managers

These principles have shaped both the self-image and the actions of the two executive bodies for years. They ensure responsible management and control of the company which is geared to sustained added value.

The Executive Board and Supervisory Board jointly report on Corporate Governance at Bechtle AG as follows, pursuant to subsection 3.10 of the DCGK (German Corporate Governance Code):

SHAREHOLDERS AND ANNUAL GENERAL MEETING

The Annual General Meeting is a central organ of Bechtle AG, via which the shareholders can exercise their rights and their voting rights. The shareholders are involved in basic decisions by law – for instance, on amendments to the articles of incorporation, utilisation of the retained earnings or the issue and repurchasing of shares. Bechtle AG has exclusively non-par bearer shares in circulation. All shares have the same voting right. In order to make it easier for shareholders to safeguard their interests during the Annual General Meeting, the Executive Board nominates representatives to whom the shareholders can transfer their voting rights with a duty to comply with instructions. It is ensured that the proxies can be contacted at all times during the Annual General Meeting. The agenda, including the necessary reports and documents for the Annual General Meeting, are supplied to the shareholders for inspection and made available for download on the Internet at www.bechtle.com.

In order to be able to guarantee that the Annual General Meeting progresses swiftly, the company reserves the right to allow voting on the election of Supervisory Board members to be conducted "in a block". A corresponding

provision was included in the articles of incorporation by a resolution of the Annual General Meeting dated 22 June 2005.

The management of Bechtle AG is still desisting from broadcasting the entire Annual General Meeting on the Internet. In the opinion of the Executive Board, the organisational costs exceed the benefit for the company and its shareholders.

COOPERATION OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

The Executive Board and Supervisory Board of Bechtle AG work closely together for the well-being of the company. The Executive Board informs the Supervisory Board on a regular basis, in a timely and comprehensive manner on all the key issues relating to business development, corporate planning, strategy and potential risks and opportunities relating to corporate development and compliance. If extraordinary events occur which are of importance for assessing the situation and development or the management of the company, the Executive Board informs the Supervisory Board without delay.

Outside the regular Supervisory Board meetings, the Supervisory Board also informs itself on the situation of the company and key business transactions in discussions with the Executive Board and the Managing Directors. Thus it can support the operative business on an optimum basis of information with its tips and recommendations.

The Executive Board presents its plans to the Supervisory Board for approval at the beginning of each fiscal year. It answers to the Supervisory Board for any deviations from the preceding plans and their reasons. Reports which the Executive Board submits to the Supervisory Board verbally are accompanied by the presentation of written documents. The Executive Board always forwards its documents to the members of the Supervisory Board in good time prior to Supervisory Board meetings, and in consultation with the Chairman of the Supervisory Board, so that the members can prepare adequately for the meetings. For key business transactions the company's internal regulation stipulate a power of veto of the Supervisory Board.

EXECUTIVE BOARD: STAFFING CHANGES

The Executive Board of Bechtle AG consisted of two members at the end of the fiscal year 2007. During the fiscal year, the following staffing changes occurred: as of 1 March 2007 the Supervisory Board appointed Dr. Thomas Olemotz to the Executive Board. Dr. Olemotz is responsible for Finances, Controlling and Investor Relations. The founding member of Bechtle, Ralf Klenk, remains the Chairman of the Executive Board and will continue to be responsible for Corporate Development, Business Segments (IT system house, IT e-commerce), Public Relations, Personnel and IT.

As part of the implementation of the new organisational structure, the Executive Board contracts of Jürgen Schäfer and Gerhard Marz with Bechtle AG expired as of 31 July 2007 as scheduled. Both gentlemen will continue to work for the Bechtle Group in their existing functions within the new structure. As Executive Director of the operationally active Bechtle Systemhaus Holding AG, Gerhard Marz is responsible for the German IT system houses and the Competence and Solution Centers. As an Executive Director of Bechtle direkt Holding AG, Jürgen Schäfer is directly responsible for the trading activities of the Bechtle brand.

The company's internal regulations which are enacted by the Supervisory Board regulate the allocation of duties and cooperation in the Executive Board, as well as cooperation with the Supervisory Board. The regulations stipulate an age limit of 65 years for members of the Executive Board.

REMUNERATION OF THE EXECUTIVE BOARD (REMUNERATION REPORT)

The remuneration of the Executive Board is performance-oriented. The full remuneration of the Executive Board members is made up of a fixed and variable (performance-related) component. The performance-related component (corresponding to the annual bonus) depends on the attainment of defined financial objectives. These objectives are set annually by the Personnel Committee of the Supervisory Board. The calculation of the performance-related component is based on the earnings before taxes of the Bechtle Group, and is geared to the attainment of fixed threshold values. The bonus is capped at a maximum level. If the actual result falls below the profit target by more than 50%, no bonus is paid.

No variable remuneration components with a long-term incentive effect and risk character exist, and the company has no pension commitments vis-à-vis the Executive Directors.

The Annual General Meeting held on 20 June 2006 decided to make use of the so-called opting-out clause. Therefore, Bechtle AG is exempted from the legal obligation to individually disclose directors' remuneration up to and including 2010 (subsection 4.2.4 of the DCGK) (German Corporate Governance Code). Given the comparatively small number of Executive Board members, the statement of the total sum of the directors' remuneration and the itemisation into fixed and variable elements ensure sufficient transparency from the company's point of view.

The fixed remuneration of the Executive Board amounted to 729 thousand euros (previous year: 678 thousand euros) and the total remuneration to 1,409 thousand euros (previous year: 1,303 thousand euros) for the fiscal year 2007.

Remuneration of the Executive Board in EUR

	31.12.2007*	31.12.2006
Fixed remuneration	729,000	678,000
Variable remuneration	680,000	625,000
Total	1,409,000	1,303,000

* In this case, the changes within the Executive Board in the fiscal year 2007 have to be taken into account

SUPERVISORY BOARD: STAFFING CHANGES

The Supervisory Board of Bechtle AG consists of twelve members, in conformity with the articles of incorporation. Pursuant to the German Act of Co-determination, it is made up in equal parts of shareholder and employee representatives. None of the shareholders has a business or personal connection with the company or the Executive Board, and so there is no danger of conflicts of interest arising.

The German Stock Corporation Act stipulates a strict personnel separation between the management and corporate supervision. The Supervisory Board's most important functions include advising and supervising the Executive Board with regard to the management of the Group. The Supervisory Board is therefore integrated in all important corporate decisions, and assists the Executive Board in an advisory capacity. More detailed information on transactions requiring approval can be found in the report of the Supervisory Board on pages 16 ff. of the Annual Report.

The Supervisory Board is intent on carrying out its tasks with the necessary diligence. In 2007 it carried out a regular comprehensive efficiency audit of its duties on the basis of the guidelines of the Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (Germany's largest association of private investors). A survey of the individual members of the Supervisory Board concluded that the Supervisory Board works efficiently. The Supervisory Board adheres to the resolution adopted in 2004 to repeat the efficiency audit on a regular basis at three-year intervals. However, if the plenary session comes to the conclusion that efficiency is deteriorating, the audit will be carried out annually.

Chairmanship of the Supervisory Board is held by Gerhard Schick. He is also the Chairman of the Balance Sheet and Accounting Committee (Audit Committee). In his function as Chairman of the Supervisory Board, he coordinates the tasks of the Supervisory Board, chairs the meetings and represents the interests of the Supervisory Board externally. He is also in regular contact with the Chairman of the Executive Board, in order to intensively discuss issues of strategic orientation, business development and risk management.

Chairman of the Personnel Committee is Dr. Jochen Wolf. In this case, Bechtle deviates from the recommendation of the DGCK (German Corporate Governance Code) (subsection 5.2), which stipulates that the Chairman of the Supervisory Board should carry out this function. The close cooperation in the Supervisory Board makes this recommendation superfluous for Bechtle AG according to the unanimous opinion of the Supervisory Board.

A Nomination Committee has not been set up. In this case, Bechtle deviates from the recommendation of the DCGK (German Corporate Governance Code) (subsection 5.3.3). Given the staffing of the Supervisory Board, the Supervisory Board is of the opinion that the formation of such a committee is not necessary at the moment.

The term of office of the members of the Supervisory Board ends after the conclusion of the Annual General Meeting, which will decide on the discharge for the fiscal year 2007. The election of the new Supervisory Board members to be elected by the Annual General Meeting in 2008 is not planned as an individual election, contrary to the recommendation of the DCGK (German Corporate Governance Code) (subsection 5.4.3), but as a block election, as is permissible according to the company's articles of incorporation.

The Supervisory Board has drawn up internal regulations for its work. In particular, they regulate the cooperation on the Supervisory Board. The company's internal regulations stipulate an age limit of 70 years for members of the Supervisory Board.

The following changes were made to the Supervisory Board in the last fiscal year: Peter Leweke resigned from the Supervisory Board as of 17 January. His place was taken by Udo Bettenhausen, commercial company employee, as of 18 January 2007.

Ralf Feeser resigned from the Supervisory Board on 21 June 2007. His place was taken by Rüdiger Dibbert, senior commercial employee, as of 22 June 2007.

Ralf Feeser was Deputy Chairman of the Supervisory Board. Uli Drautz was elected as the new Deputy Chairman of the Supervisory Board on 2 July 2007.

SUPERVISORY BOARD (REMUNERATION REPORT): VARIABLE REMUNERATION IS NOT REQUIRED

The currently applicable remuneration rules for the Supervisory Board were adopted by the Annual General Meeting on 13 June 2003, and are recorded in § 11 of the articles of incorporation of Bechtle AG. Bechtle AG lists the remuneration of Supervisory Board members separately. The remuneration structure takes into account the responsibility and scope of activity of the individual members. In doing so, the Chairman, Deputy Chairman and the duties in the committees are taken into account.

The remuneration does not contain a performance-related component, contrary to the recommendation of DCGK (German Corporate Governance Code) (subsection 5.4.7). From the point of view of Bechtle, the Supervisory Board does not require such a component for the successful and responsible execution of its tasks.

Remuneration of the Supervisory Board in EUR

Name	Basic remuneration	Chair/ Deputy Chair	Committee	Total 2007	Total 2006
Representatives of the shareholders					
Otto Beilharz	20,000			20,000	20,000
Kurt Dobitsch	20,000			20,000	20,000
Gerhard Schick	20,000	20,000	12,500	52,500	52,500
Karin Schick	20,000			20,000	20,000
Klaus Winkler	20,000		5,000	25,000	25,000
Dr. Jochen Wolf	20,000		12,500	32,500	32,500
Representatives of the employees					
Udo Bettenhausen	19,056			19,056	0
Rüdiger Dibbert	10,500			10,500	0
Uli Drautz	20,000	5,139	7,569	32,708	25,000
Ralf Feeser	9,500	4,750	2,375	16,625	35,000
Barbara Greyer	20,000			20,000	20,000
Peter Leweke	944			944	20,000
Daniela Ludewig	20,000		5,000	25,000	25,000
Dr. Rudolf Luz	20,000			20,000	20,000

Loans or other declarations of liability in favour of Supervisory Board members have not been granted. The same applies to members of the Executive Board. No share option programmes or similar company securities-oriented incentive systems existed in the reporting period.

D&O INSURANCE

The Executive Board and the Supervisory Board are obliged to observe the principles of proper corporate management. If they culpably infringe their duty of care, they may be liable to pay Bechtle AG compensation. To cover the risk, the company has taken out third party consequential loss insurance – so-called Directors & Officers Insurance – for members of the Executive Board and Supervisory Board. Contrary to the recommendation of the DCGK (German Corporate Governance Code) (subsection 3.8), an excess has not been agreed for the Executive Board and Supervisory Board of Bechtle AG with respect to D&O insurance. An amendment of this provision is not planned. The company is of the opinion that adequate excess will not help to improve the sense of responsibility and motivation of the Supervisory Board and Executive Board.

CONFLICT OF INTEREST

The members of the Executive Board and Supervisory Board are obliged to safeguard the company's interests. When making decisions within the scope of their duties, they may not pursue for their own ends either personal interests or business opportunities to which the company is entitled. The members of the Executive Board shall disclose any conflicts of interest to the Supervisory Board without delay, and shall inform the other members of the Executive Board. In its report to the Annual General Meeting, the Supervisory Board shall give notification of any conflicts of interests and their consequences.

The members of the Executive Board shall be subject to an extensive prohibition of competition whilst carrying out their duties for Bechtle. The pursuit of secondary occupations – including the exercising of Supervisory Board mandates outside the Group – shall be subject to the approval of the Supervisory Board. Conflicts of interest which may arise due to an advisory or executive body function at customers, suppliers, creditors or business partners did not occur in the last fiscal year either in the

case of members of the Supervisory Board or the Executive Board. Detailed information on the held inter-group mandates in supervisory boards and similar supervisory bodies can be found in the Notes to this annual report (on p. 160 f.).

TRANSPARENCY

To strengthen the trust of shareholders and to increase openness, Bechtle relies on respectable, timely and open dialogue with all shareholders and other target groups. For the Executive Board and the Supervisory Board, openness and transparency are the paramount principles of conduct. In order to guarantee equal treatment of all market players, all key capital market-related information is published simultaneously in German and English and made accessible on the company's website. Dates, financial reports, press releases and presentations are also supplied

to shareholders and interested parties on the company's homepage. Bechtle also offers its shareholders the chance to find out the latest trends regarding the Bechtle stock, and read key analysts' and press opinions by means of a weekly report. On request, Bechtle sends interested investors publications, such as annual and quarterly reports free of charge.

SHARE TRANSACTIONS, SHARE STRUCTURE, SHARE OWNERSHIP

According to § 15a of the German Securities Act (WpHG), persons who carry out management tasks, as well as natural and legal persons who have a close relationship with them, must disclose the purchase or sale of Bechtle shares without delay if the sum of 5 thousand euros is exceeded within a calendar year. Bechtle publishes all transactions of this type on the website under the section Directors' Dealings and reports them to the German Federal Financial Supervisory Authority (BaFin).

In the reporting period, the following transactions occurred with shares of Bechtle AG:

Directors' Dealings						
Date and place of transaction	Person subject to disclosure requirements	Legal relationship	Transaction	Price/share	Number of shares	Trading volume (in EUR)
20.03.2007 Frankfurt/Main	Otto Beilharz	Member of Supervisory Board	Sale	21.30	3,548	5,572
20.03.2007 Frankfurt/Main	Otto Beilharz	Member of Supervisory Board	Sale	21.41	500	10,705
02.05.2007 Xetra	Gerhard Schick	Chairman of the Supervisory Board	Purchase	22.94	7,300	167,462
10.08.2007 Xetra	Schick GmbH	Legal person with close relationship to a member of the Supervisory Board	Purchase	24.69	6,500	160,485
22.11.2007 OTC	Ralf Klenk	Chairman of the Executive Board	Sale	30.856	170,000	5,245,520

According to §§ 26 (subsection 1) in conjunction with 21 (subsection 1) of the German Securities Act (WpHG), Bechtle is also obliged to notify any key changes to its shareholder structure as soon as an investor reaches, exceeds or falls short of 3, 5, 10, 15, 20, 25, 30, 50 or 75 per cent of the voting rights in the company through a purchase or sale or otherwise. Bechtle publishes this information after it has been disclosed by the shareholder according to the legal regulations.

In the reporting period Bechtle notifications are worded as follows:

Ms Karin Schick, Germany, informed us on 05.03.2007 pursuant to § 41 (4a), sentence 1–4 of the German Securities Act (WpHG) that her share of voting rights at Bechtle AG, Neckarsulm, Germany, ISIN: DE0005158703, Securities Ref. No.: 515870 amounted to 32.00% on 20.01.2007 (which is equivalent to 6,784,487 voting rights). 3.82% of the voting rights (which is equivalent to 808,772 voting rights) are apportionable to Ms Schick pursuant to § 22 (1), sentence 1, No. 1 of the German Securities Act (WpHG) by Schick GmbH. 1.6% of the voting rights (which is equivalent to 340,115 voting rights) are apportionable to Ms Schick pursuant to § 22 (1), sentence 1, No. 6 of the German Securities Act (WpHG) by Amaury Krief.

Mr Gerhard Schick, Germany, informed us on 25.06.2007 pursuant to § 21 (1) of the German Securities Act (WpHG) that his share of voting rights at Bechtle AG, Neckarsulm, Germany, ISIN: DE0005158703, Securities Ref. No.: 515870 had exceeded the threshold of 5% and 3% of the voting rights through shares on 20.06.2007, and now stands at 2.23% (which is equivalent to 472,300 voting rights).

JPMorgan Chase & Co., New York, USA informed us on 23.11.2007 pursuant to § 21 (1) of the German Securities Act (WpHG) that its share of voting rights at Bechtle AG, Neckarsulm, Germany, ISIN: DE0005158703, Securities Ref. No.: 515870 had exceeded the threshold of 3% of the voting rights through shares on 20.11.2007 and now stands at 3.09% (which is equivalent to 654,151 voting rights). 0.39% of the voting rights (which is equivalent to 81,779 voting rights) are apportionable to the company pursuant to § 22 (1), sentence 1, No. 1 of the German Securities Act (WpHG) and 2.70% of the voting rights (which is equivalent to 572,372 voting rights) are apportionable to the company pursuant to § 22 (1), sentence 1, No. 6 in conjunction with sentence 2 WpHG.

THE SHARE OWNERSHIP OF MEMBERS OF THE BOARDS

The share ownership of members of the Executive Board and Supervisory Board of Bechtle AG is as follows:

No. of shares in Bechtle AG – Executive Board

	31.12.2007	31.12.2006
Ralf Klenk	182,462	352,462
Dr. Thomas Olemotz*	0	0
Gerhard Marz**	6,916	6,916
Jürgen Schäfer**	4,000	4,000

* Executive Board member since 1 March 2007

** Executive Board member until 31 July 2007

No. of shares in Bechtle AG – Supervisory Board

	31.12.2007	31.12.2006
<i>Representative of the shareholders</i>		
Otto Beilharz	0	4,048
Kurt Dobitsch	0	0
Gerhard Schick	207,300	200,000
Karin Schick	6,790,987 ⁽¹⁾	6,784,487
Klaus Winkler	725	725
Dr. Jochen Wolf	3,916,507 ⁽²⁾	3,916,507
<i>Representative of the employees</i>		
Udo Bettenhausen (member since 18.01.2007)	0	0
Rüdiger Dibbert (member since 22.06.2007)	0	0
Uli Drautz	1,644	1,644
Ralf Feeser (member until 21.06.2007)	656	656
Barbara Greyer	0	0
Peter Leweke (member until 17.01.2007)	0	0
Daniela Ludewig	0	0
Dr. Rudolf Luz	0	0

(1) 815,472 shares for Schick GmbH, 340,115 for Amaury Krief
(2) for BWK GmbH Unternehmensbeteiligungsgesellschaft

ACCOUNTING AND AUDIT OF FINANCIAL STATEMENTS

The consolidated financial statements and the interim reports are prepared by Bechtle according to the applicable rules of the International Financial Reporting Standards (IFRS), and the financial statements of Bechtle AG according to the regulations of the German Commercial Code (HGB).

The financial statements were reaudited by the firm of auditors Ernst & Young AG, which had been elected as the public auditor for the fiscal year 2007 by the Annual General Meeting.

Ernst & Young AG submitted a declaration of independence according to subsection 7.2.1 of the DCGK (German Corporate Governance Code) prior to submission of the election proposal. According to this, no business, personal, financial or other relationships exist between the firm of auditors and the Bechtle Group that might give rise to doubt regarding the independence of the auditors. The firm of auditors also did not contribute to the accounting or preparation of the financial statements or consolidated financial statements.

The public auditor participated in the discussions of the Supervisory Board with regard to the financial statements and consolidated financial statements and in the balance sheet meeting on 26 March 2008, and reported on the results of its audit. In addition, it was at the disposal of the Supervisory Board for the purposes of supplying additional information and answering queries relating to the audit of the financial statements.

**DECLARATION OF COMPLIANCE WITH THE
GERMAN CORPORATE GOVERNANCE CODE**

On 5 February 2008, the Executive Board and the Supervisory Board renewed the current version of the Decla-

ration of Compliance with the German Corporate Governance Code, and made it permanently available to the shareholders on the company's website:

// Declaration of Compliance of the Executive Board and the Supervisory Board of Bechtle AG with regard to the recommendations of the "Government Commission on the German Corporate Governance Code" pursuant to § 161 AktG

The Executive Board and the Supervisory Board of Bechtle AG hereby declare that since the last Declaration of Compliance dated February 2007 the recommendations of the Government Commission on the German Corporate Governance Code (DCGK), last revised on 12 June 2006 (published on 24 July 2006), announced by the Federal Ministry of Justice in the official section of the Electronic Federal Gazette, and the recommendations of the Government Commission on the German Corporate Governance Code, last amended on 14 June 2007 (published on 20 July 2007), have been observed since 21 July 2007 with the following deviations, and will be observed in future.

DEDUCTIBLES IN THE CASE OF D&O POLICIES

No excess is envisaged for the D&O insurance taken out by Bechtle AG for the Executive Board and the Supervisory Board. The company is not of the opinion that the sense of responsibility and motivation of the Supervisory Board and the Executive Board might be improved by an excess. (subsection 3.8 of the DCGK) (German Corporate Governance Code)

REMUNERATION OF THE EXECUTIVE BOARD

Bechtle AG publishes the remuneration of the Executive Board in the Corporate Governance Report, itemised according to performance-related and non-performance-related components. These details are not listed separately – in accordance with the resolution of the Annual General Meeting of 20 June 2006. This resolution continues to be valid until the Annual General Meeting, which decides on the discharge of the fiscal year 2010. (subsection 4.2.4 of the DCGK)

**CHAIRMANSHIP OF THE PERSONNEL
COMMITTEE**

The Chairman of the Supervisory Board of Bechtle AG is not simultaneously the Chairman of the Personnel Committee, which deals with the contracts of the members of the Executive Board. The Personnel Committee of the Supervisory Board, which is responsible for dealing with the contracts for the members of the Executive Board, will consult the plenary session of the Supervisory Board

with regard to amendments to and controls of the remuneration system for the Executive Board. (subsection 5.2 of the DCGK)

FORMATION OF A NOMINATION COMMITTEE

The Supervisory Board does not consider necessary to set up a Nomination Committee at the moment, which is exclusively staffed by representatives of shareholders and proposes suitable candidates to the Supervisory Board for its nomination at the Annual General Meeting given the staffing of the Supervisory Board. (subsection 5.3.3 of the DCGK)

ELECTION TO THE SUPERVISORY BOARD

The company reserves the right – as resolved by the Annual General Meeting held on 22 June 2005 – to implement proportional representation in the case of elections to the Supervisory Board, in order to facilitate an adequately swift progression of the Annual General Meeting. (subsection 5.4.3 of the DCGK)

**PERFORMANCE-RELATED REMUNERATION OF
MEMBERS OF THE SUPERVISORY BOARD**

The remuneration of members of the Supervisory Board has no performance-related component. Bechtle AG is convinced that all members of the Supervisory Board carry out their tasks with the maximum amount of commitment and willingness, and with a view to the long-term success of the company. Therefore, in the opinion of Bechtle, it is not necessary to furnish additional performance-related remuneration for responsible Supervisory Board work. (subsection 5.4.7 of the DCGK)

Neckarsulm, 5 February 2008
BECHTLE AG

On behalf of the
Executive Board



Ralf Klenk

On behalf of the
Supervisory Board



Gerhard Schick

// SYSTEM HOUSE



ANNE LANGENS, 41, Management IT Services, Bechtle IT System House Munich/Regensburg, with Bechtle since 1997

»Technology inspires me,
to implement the perfect solution
fascinates me.«

Once our sales team has been successful, Anne Langens and her team get started. 21 excellently trained and certified technicians and system engineers provide the customers with their desired service. It is a colourful team, made up of computer scientists and even a graduate molecular biologist and a pilot. Anne Langens' favourite task is virtualisation, which is technologically demanding.

It is important to her to be an active interface between the sales department and the customer. Therefore, the experienced IT expert places high value on continued training – for both her team and herself. And she visits the customers, to get an in-depth view of the processes and the specific characteristics of the available infrastructure, in order to provide professional consultancy and to tailor the perfect team for the job.

// GROUP MANAGEMENT REPORT

as of 31 Dezember 2007

The Group	43
General setting	56
Earnings, asset and financial position	58
Risk and opportunity management	74
Follow-up report	85
Outlook	86

The percentage figures stated in the Management Report are calculated using thousand euro figures. Differences may therefore arise from rounding off.

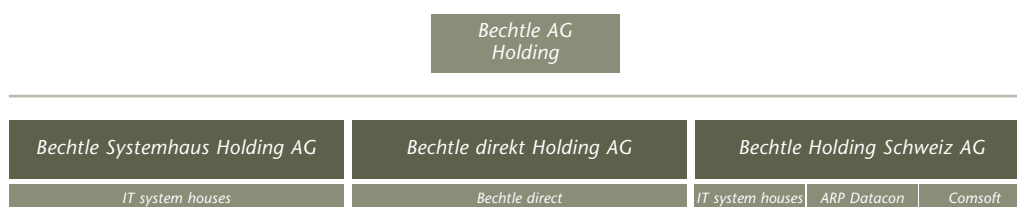
LEGAL STRUCTURE

As the Group’s parent company and holding company, Bechtle AG carries out the strategic corporate planning and the central tasks in the fields of personnel, finance and controlling, corporate communication, investor relations, marketing and the data centre. The Bechtle Academy is also assigned to Bechtle AG, and is an institution through which the Group offers its staff training and further training possibilities. The central functions of purchasing, warehousing, and product management are controlled via a separate unit, Bechtle Logistik & Service GmbH. The aim of this structure is to relieve the subsidiaries of administrative tasks, and combine competences and resources to thereby improve synergies and achieve scale effects in purchasing and logistics.

With the restructuring in 2006 and 2007, Bechtle has also reproduced the growth of the last few years in its structures. The Group established a further level of holding companies under Bechtle AG:

- Bechtle Systemhaus Holding AG, Neckarsulm, under whose roof the activities of the German IT system houses shall be combined
- Bechtle direkt Holding AG, Neckarsulm, in which the trading activities of the Bechtle direkt companies are centralised
- Bechtle Holding Schweiz AG, Rotkreuz, in which the activities of the Swiss IT system houses, the trading activities of the ARP companies and the licence business of the Comsoft companies are located.

Holding Structure



Legally-independent subsidiaries are arranged under this second holding level. The German subsidiaries are mainly run on a GmbH basis (limited liability company) or GmbH und Co. KG (partnership in which the general partner is a limited liability company). The Swiss subsidiaries are mainly organised in the legal form of a consortium (AG). The companies in other foreign countries are organised in the national legal form equivalent to a GmbH. Bechtle AG holds 100 per cent of the shares in all the subsidiaries directly, or via affiliated companies. Exceptions are the Buyitdirect.com N.V., in which Bechtle AG holds 99.8 per cent of the shares, and PSB AG and its subsidiaries: Bechtle holds 98.3 per cent of the shares in this company. However, in the case of PSB, the aim of the pending squeeze-out procedure is also to combine all the shares for Bechtle AG. (cf. p. 154 f.)

The legal structure of the Bechtle Group does not overlap completely with the company’s management structure. The management structure is geared mainly to the needs of the operative business. In the medium term, the legal and management structure are to be largely harmonised.

MANAGEMENT STRUCTURE

The management structures have also been adjusted to the company's size and market requirements over the last two years. When making the adjustments, the focus was on two elements: firstly ensuring the decentralisation, which is strategically important for Bechtle as a defining business principle in the system house sector; and secondly the establishment of scalable and modular structures that are clearly geared to the company's future growth segments.

The most important element of the new management structure is the separation of the strategic Group management by the Executive Board (within the sense of §§ 76ff of the German Stock Corporation Act (Aktiengesetz)) from the management of the operative units by divisional managers. Thus, Bechtle accounts for the increased management tasks and ensures a high level of efficiency in the control and management of the Group.

The management of the operative units is carried out by management boards for each area, which are responsible for the activities of the German and Swiss Bechtle IT system houses in the system house division, as well as the Managed Services. In the IT e-commerce division, the management boards are responsible for commercial activities under the *Bechtle direct* brand, the *ARP Datacon* brand and the licencing business of the Comsoft companies.

Within the sphere of responsibility of the CFO of Bechtle AG a separation is made at divisional level into finances for all EU international affiliates and Group consolidation, and the financial management of all Swiss companies.

The central Logistics & Service division will continue to be assigned directly to the Group Executive Board – as well as the other central service units of personnel, IT, investor relations, and corporate communication.

In this structure the Managing Directors of the operative subsidiaries act as entrepreneurs with a high level of autonomy in their respective markets. A performance-based remuneration system supports the entrepreneurial actions of the Managing Directors.

In the year under review, the Group created the structural foundations in the field of Managed Services for further expansion of this business segment. Bechtle centralises all services relating to the outtasking and outsourcing of customers' IT business under Managed Services. Customers outsource parts of or the whole IT value chain to service providers, who assume the corresponding operational responsibility. These services are now already in demand – and will be even more in demand in the coming years according to the conviction of the company – with increased demand coming from SMEs (small to medium-sized enterprises), Bechtle AG's core customer segment.

To account for this development, Bechtle has established three central units: namely Bechtle Onsite Services GmbH, Bechtle Field Services GmbH and Bechtle Remote Services GmbH. Bechtle Onsite markets services where Bechtle staff are permanently deployed on-site at the customer's premises, and safeguard IT operations there. Bechtle Field Services comprises activities where Bechtle service technicians can be deployed at the customer's premises at short notice, if need be, in order to rectify malfunctions that occur. Bechtle Remote Services is responsible for all remote-controlled services, such as monitoring or taking over the operation of computer centres.

Bechtle has also created new structures in the Software Licencing and Management division. The specialist for this segment, Comsoft direct AG – that has hitherto worked exclusively in Switzerland and France – has been assigned additional sites in the Netherlands and Germany. With that, the foundation has been laid for the further international expansion of activities. The background to this concentration of competences within the Bechtle Group is the need to establish an effective team of experts for the subject of software licences, which is becoming ever more complex, and which offers customers a full service solution portfolio that covers all manufacturers. In Ger-

many and Switzerland Comsoft direct supports the IT system houses; in the other countries it operates independently on the market.

SITES

The Group headquarters of the Bechtle Group is in Neckarsulm. In addition to the AG, the central units are also based here.

In the consulting-intensive service business of the IT system house segment, on-site contact with customers is of fundamental importance. Therefore, Bechtle uses a region-wide network of IT system houses that covers over 50 sites in Germany and Switzerland.

The IT e-commerce segment comprises sites in several European countries under both the *Bechtle direct* and the *ARP Datacon* brands. The sites in Germany and Switzerland are key generators of revenue. Market launches took place in these countries long before further internationalisation, and the market penetration is correspondingly high as a result. However, from a long-term perspective, the higher growth potential lies in the other locations due to the lower market share.

BUSINESS SEGMENTS

Business activities

Bechtle AG subdivides its activities into the two business segments of IT system house and IT e-commerce. In the IT system house segment Bechtle operates region-wide in Germany and Switzerland with over 50 system houses, offering its customers – who are mostly SMEs – all IT services from one source: from IT strategy consulting and the supply of hardware and software, project planning and implementation, system integration, maintenance and training through to the complete operation of IT.

The IT e-commerce segment comprises the Group's pure Internet, catalogue and telesales-based trading activities. In this case, Bechtle pursues a multi-brand strategy. The company is currently represented in nine European countries with the *Bechtle direct* brand; and the *ARP* brand is active in five countries. The aim is to be represented by *ARP* in all countries in which *Bechtle direct* is already present.

RANGE OF SERVICES AND PROCESSES

Bechtle AG is a service and trading company that strictly-speaking does not produce its own products. In the IT system house segment, Bechtle offers services for IT SME customers. The key element of the range of services offered is that Bechtle offers "everything from one source". Each solution is put together to suit the needs and requirements of customers. Only through the individual compilation of an offer – consisting of different services in combination with the hard- and software – is Bechtle able to put together a tailor-made solution for each customer. In particular, the service portfolio has to be continuously reviewed and adapted according to market and customer requirements. In the year under review, the Group above all further extended its services in the Managed Services division. In this division, Bechtle is now also able to offer individual solution concepts for all SME customers – regardless of their industry.

Certain specialised services are more in demand by the market. In order to guarantee the necessary breadth and depth in the services, the Bechtle Group is offering them via so-called Competence Centers. The current 20 Competence and Solution Centers are available to all sites as internal service units within the scope of performance.

In the IT e-commerce segment, Bechtle offers the full range of standard products from around 300 manufacturers in its capacity as a specialist IT dealer with over 33,000 IT products. *ARP* also markets products under its own label to a limited extent.

An important specification of *Bechtle direct* are the so-called bios® shops (bios® = Bechtle Information & Ordering System). These are specific customer shops that contain a predefined individual product range. The bios customers can thus ensure the uniformity of the IT infrastructure when reordering. At the end of 2007, *Bechtle direct* had around 15,000 active bios® accounts.

In the heavily process-controlled IT e-commerce, Bechtle has established lean processes that are significantly important for the success of this segment. From a certain perspective, the underlying processes are even part of the product. Thus the majority of the orders in IT e-commerce are processed according to the so-called fulfilment principle. Bechtle forwards incoming orders directly to manufacturers or distributors; they then dispatch the goods to the customer. Bechtle ensures the quality of forwarding – above all it is determined by the speed – via agreements with partners and via regular audits. Bechtle keeps warehouse stocks low with the aid of the fulfilment principle; and reduces the risk of devaluations of IT products, which are characterised by very short innovation cycles. The customer benefits from a short delivery time, such that orders which are received by 4.30 pm are dispatched the same day and are delivered the next day, as a rule.

An additional key business process is the goods and price system, as well as the standard, European article database with the automatic calculation of the national prices, which all companies can access Europe-wide. The European Price System (EPS) developed by Bechtle reads in more than 2.1 million pieces of price and availability information about IT manufacturers and distributors every night. The daily updated suppliers are selected according to the primary criteria of immediate Europe-wide delivery capacity, as well as according to the most favourable price. Product information which is updated daily and reflects the latest developments on the market is accessible fully automatically online. The central European database contains over 33,000 products with country-specific remarks.

RESEARCH & DEVELOPMENT

As a purely service and business enterprise, Bechtle is not engaged in any research activities. Development services, too, are performed to a very limited extent only and primarily for the company's own purposes. Bechtle does not report key figures on R & D due to the small scale and the negligible commercial relevance of development work.

Development activities in the year under review related solely to maintaining and updating web-shop and BELOS, an internally generated software. BELOS is resource management software for planning and carrying out events, training and meetings. The software developed for in-house use is marketed on a small scale. It is maintained and upgraded regularly.

The online shop of *Bechtle direct* was developed by a Bechtle team in 1995. Since then, the web team has taken over the ongoing maintenance and further development of the *Bechtle direct* shops and the Bechtle Group website.

Beyond these, no other notable developments were performed in the year under review.

SALES MARKETS

Bechtle's target customer group is SMEs. Bechtle defines SMEs according to the number of PC workstations. Local SMEs are customers with 20 to 50 PC workstations, regional SMEs are companies with 50 to 250 PC workstations and top-flight SMEs are companies with 250 to 2,000 PC workstations. Private customers are not Bechtle customers, and only the ARP serves this customer segment to a small degree.

This size-or potential-based segmentation of SMEs is the only restriction on the Bechtle sales market. Within the defined sizes, all companies are potential Bechtle customers – regardless of the industry.

Despite the non-industry-specific market handling, two sector specialisations have emerged within Bechtle's clientele. They result from the peculiarities of the respective market; and are partly also separately reproduced within the company. On the one hand there is the Public Clients division, which supports the decentralised system houses as an internal service unit when processing public tenders. The peculiarities of the tendering process make such a specialisation imperative. On the other hand, Bechtle markets special offers that are exclusively aimed at customers from the finance sector.

Geographically, Bechtle operates exclusively in Germany and Switzerland in the IT system house segment. In the IT e-commerce segment the Bechtle Group is positioned Europe-wide.

COMPETITIVE POSITION

Bechtle has an outstanding market position in Germany and Switzerland. According to the trade medium ChannelPartner, Bechtle is in second place amongst the non-proprietary system houses in the German system house business measured by revenue, with a clear lead in following places. Even more important than the size of revenue is competitive strength. According to a survey of German system houses, also conducted by ChannelPartner, where the system houses were asked to specify their key competitors, Bechtle was the company mentioned most frequently.

By its own account, Bechtle is the market leader in the system house business in Switzerland. In the IT e-commerce sector the Group is in the top bracket in Germany and Switzerland. In the Netherlands Bechtle has developed into one of the leading providers due to the acquisition of Buyitdirect.com, which was completed in the year under review.

ENVIRONMENTAL PROTECTION

As a trading and service company, Bechtle AG is less affected by environmental protection requirements than producing companies. Nevertheless, Bechtle feels an obligation to pursue environmental protection. Thus, we support the responsible handling of utilised resources within the bounds of our possibilities.

The Group does not sell any products that contain pollutants or potentially harmful substances and therefore constitute a risk for end users and the environment. We obligate our suppliers to comply with the provisions of the EU Directive 2002/95/EG of March 2003 governing the restriction of the use of specific dangerous substances in electrical and electronic devices (RoHS). In addition to the agreement, we regularly check all purchased components. Thus, we ensure that they do not contain any dangerous substances.

Bechtle ensures that products are disposed of in an environment-friendly manner at the end of their lifecycle. The company therefore also meets its obligations within the scope of the Law on Electrical and Electronic Devices. Our company has been included on the Register of the Foundation for Used Electrical and Electronic Devices (Elektro-Altgeräte-Register) since 2005.

A key subject for Bechtle is so-called "Green IT"; numerous energy-saving products, such as thin clients, can be found in Bechtle's current product range. In addition, by order of the German Federal Ministry of the Environment, Bechtle is working with IBM on a pilot project on the subject of Green IT. Together with our partner we are analysing the computer centre of the Federal Ministry of the Environment, and are examining its IT hardware for its utilisation necessity and its energy saving potential. First results were made available to the general public at this year's CeBIT. They are meant to serve as an example by demonstrating the potential of Green IT.

These and similar measures exist in a context that the legislator is now promoting or even prescribing: The EU Directive 2005/32/EC of July 2007 for the Eco-Friendly Design of Energy-Using Products (EuP) is such a specification. It specifies that the energy consumption of electronic products must be significantly reduced – and therefore by means of this standard creates a considerable incentive to use energy-saving technology. The IT industry is reacting to the requirements with an increased supply of more eco-friendly, intelligent and economic IT environments.

Environmental protection is also an issue at Bechtle outside of the core business. In December we installed a photovoltaic solar system on the roof of the logistics headquarters in Neckarsulm. The energy which is fed into the grid via this method covers the annual electricity requirement of over one hundred single family homes, and therefore saving the emission of approximately 225 tons of carbon dioxide annually.

OBJECTIVES AND STRATEGY

In 2000, the year the Bechtle Group went public, the Executive Board presented for the first time its long-term growth strategy: "Vision 2010". It links the objective to achieve revenue of two billion euros at an EBT margin of approx. 5 per cent. In the last reporting year, these mid-term objectives were augmented by "Vision 2020", by which Bechtle aims to achieve market leadership in Europe by 2020, with consolidated revenues of five billion euros. The latter implies revenue growth of around ten per cent a year.

With higher value services and a hardware infrastructure offer to match as part of a solution for customers, Bechtle also aims to grow organically in future. To this end, the company is consistently extending its offer, partly under its own steam, partly by cooperating with important manufacturers. The aim is to provide innovative, solution-focused concepts for SMEs in the IT business and in this way to clearly differentiate itself from competitors' offers.

In addition, it aims to continue to supplement growth through attractive acquisitions or foundations: By this, Bechtle AG intends to raise its coverage of IT solution providers in the German-speaking countries and increase its local presence through IT e-commerce companies in Europe as a whole. Concerning acquisitions, the company's sights are set on acquiring 100-per cent interests in small to medium-sized companies. Focuses of its interest are adding to its IT-specific expertise, raising its presence in strategically important markets and thus increasing its market share.

Based on a multi-brand strategy in the IT e-commerce segment, Bechtle aims to pursue a consistent course of internationalisation. The company is already present with both brands in

five European countries. The European presence is to be further developed with both brands. Bechtle sees considerable potential for long-term growth in Asia and the Americas.

As part of its targeted growth programme, it also aims to increase its workforce. As part of the mid-term objectives, the number of employees over the next two years is planned to increase to around 5,000.

SYSTEMS AND INSTRUMENTS

The Executive Board of Bechtle AG bears responsibility for the entire planning and realisation of the Group's long-term objectives. The top objective of corporate development is the long-term increase of the company's value as a going concern through profitable growth.

The short- and medium-term planning used in controlling the operative units and the measures resulting from these are derived from the long-term corporate planning. They are, however, also oriented to the development of the competitive and market environment. The overriding principles for the employees of Bechtle AG are growth and the realisation of profits through satisfied customers, and the achievement of market leadership on the home location.

The relevant control parameters for its economic objectives are revenue, revenue growth, and earnings before taxes based on revenue (EBT margin). The employees are motivated to stay committed to the agreed goals by way of an individual share in profits.

Annual strategy conferences present measures and measurable interim steps through which Bechtle endeavours to meet its long-term goals. This is augmented by individual planning discussions by the Executive Board with the directors of the IT system houses and IT e-commerce companies. All individual planning by the IT system houses converges in the "Professional Planner", a database-supported planning instrument. In aggregate, they form the foundation of the Bechtle Group's total annual planning.

The operative goals and tasks derived from the individual discussions are communicated by the directors in each corporate area and their attainment checked on a monthly basis with the help of the "Bechtle Scorecard" and other tools. The operative development of all IT e-commerce companies is additionally recorded and analysed by a custom software tool, the "European Sales Cockpit" (ESC).

To aid regular measurement of the course of business, including in comparison with other locations, the Group also provides the IT system houses with the "Executive Information System" (EIS), which gives them detailed monthly reports with defined standard efficiency ratios relating to incoming orders, revenue and the contribution margin. Furthermore, some subsidiaries have their own management systems to aid their operative control of sales activities. These comprise efficiency parameters and order- and customer-related variables that enable direct measurement of business development.

The direct business-related key performance indicators will be supplemented in the running of the companies with financial performance indicators such as cash flow, working capital, capital turnover, investment ratio and Return on Capital Employed (ROCE).

Besides EIS as the central management information system, Bechtle AG also uses the two ERP (Enterprise Resource Planning) systems Navision Financials – for its materials management – and SAP® – for its financial accounting – as part of its resource-oriented control of business processes.

As part of its monthly (profit and loss statement, and balance sheet) and quarterly financial statements (profit and loss statement, balance sheet and cash flow statement), which are provided

to the management of each area of responsibility in the SAP system, the company not only produces a comparison of the financial situation with the past, but also with the planned values to identify undesirable trends early on. The Financials ERP system serves all locations as a central resource planning and marketing information system. The two interlocked systems provide significant information on sales success, such as status assessment of the marketing process phases and coordination of tasks in the sales team all the way to financial accounting and delivery of goods, storing these with the corresponding key figures (e.g. frequency of customer contacts, contract prices and/or contribution margin per sales employee).

Aggregated across all operative units, the data from the various reporting systems is then used at the Group level to identify divergences between actual and target figures early on.

However, many of the control factors determining success, which influence the long-term growth of the Bechtle Group, are only quantifiable indirectly, if at all. These include factors such as the brand's reputation, customer satisfaction, employee qualification and experience, and leadership qualities and corporate culture, which can all be described, at best, in qualitative terms.

To better assess its reputation on the market, the Bechtle management focuses, for example, on surveys and evaluations carried out by specialist media, trade associations and market research institutes. The results of these studies are used as part of strategic planning, for example, to assess awareness of the company in relation to its competitors. The customer satisfaction factor, meanwhile, is analysed in both of the company's segments at regular intervals. The results serve as an indicator of the quality of customer loyalty measures and are used internally to focus sales activities. In connection with targeted training of employees, these analyses help us to continue to advise customers expertly and competently. Personnel-related data such as fluctuation and qualifications are also used as internal control variables. The goal is the systematic development of employees in all qualification areas, and to raise motivation to improve employee loyalty.

Employees

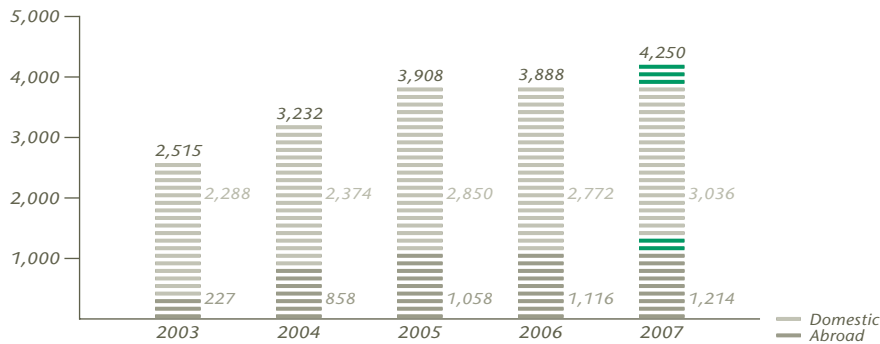
Preliminary comment: the figures on employees refer to all staff including those on maternity/paternity leave or doing military or community service, but with the exception of temporary workers. For internal cost accounting reasons, the employee figures are available according to segments excluding those on maternity/paternity leave or doing military or community service.

DEVELOPMENT AND STRUCTURE

As of 31 December 2007, the Bechtle Group had a total workforce of 4,250 employees in nine European countries (previous year: 3,888). Thus, the number of employees stands at 362 persons, or 9.3 per cent higher than the previous year. On average, 4,103 employees worked for Bechtle in the year under review. This corresponds to an increase of 235 employees, or 6.1 per cent compared to the previous year (3,868 employees). The rise in staff numbers in the Group can be attributed to two factors: acquisitions and recruitment of additional staff.

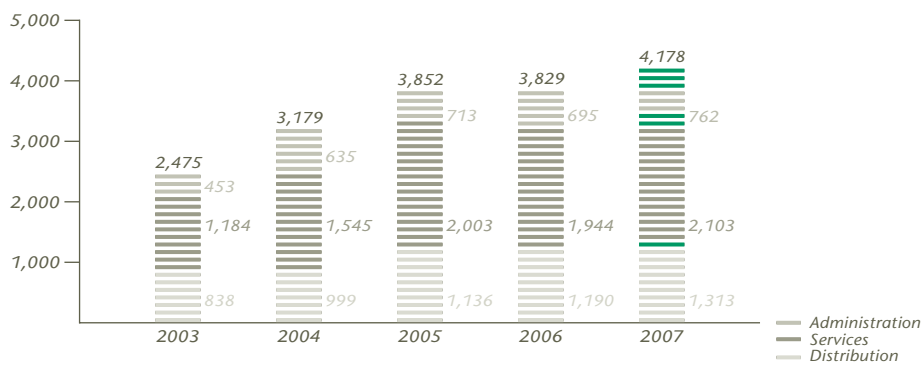
In Germany, the number of staff increased by the end of the year by 9.5 per cent from 2,772 to 3,036 employees. The number of employees working abroad increased by 8.8 per cent from 1,116 to 1,214. In total, 71.4 per cent of staff works in Germany; and 28.6 per cent in the companies abroad. Thus, the ratio is almost identical to that of the previous year (71.3 per cent versus 28.7 per cent).

Regional distribution of employees as of 31 Dezember

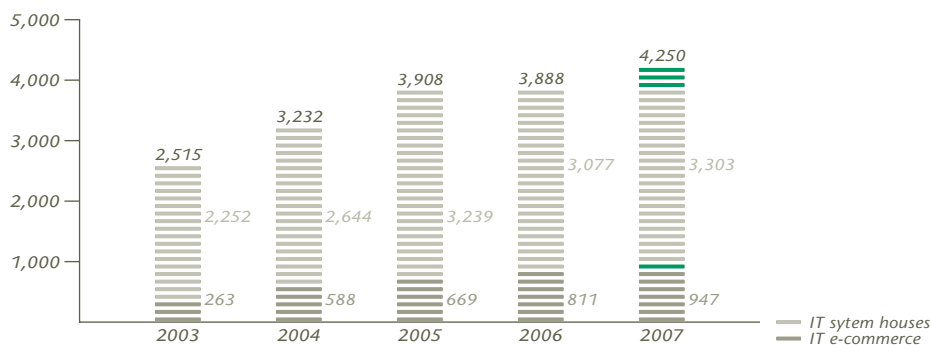


Split up according to task areas, 2,103 employees worked in the service division (previous year: 1,944). 1,313 people were employed in sales (previous year: 1,190) and 762 people in administration (previous year: 695). Viewed by segment, 3,303 employees (previous year: 3,077) were apportionable to IT system houses as of the year-end and 947 (previous year: 811) to the IT e-commerce segment. Compared to the previous year, this is equivalent to an increase of 7.3 per cent for the system houses; whereas the IT e-commerce segment posted an increase of 16.8 per cent. The average age at Bechtle in Germany stands at 37.8 years in the system house segment and 27.7 years in the IT e-commerce segment.

Employees by divisions as of 31 Dezember



Employees by segment as of 31 Dezember



STAFF COSTS AND REMUNERATION MODEL

The costs for wages and salaries including social security contributions increased by 5.5 per cent in 2007 due to the increased average staff numbers and stood at 203.3 million euros (previous year: 192.6 million euros). At the same time, the staff costs increased disproportionately to revenue, so that the staff costs rate decreased from 15.8 per cent to 14.7 per cent.

Staff costs

	2003	2004	2005	2006	2007
Personnel and social security expenses in million euros	155.7	178.5	179.5	192.6	203.3
Staff and social security expenses per employee in th. euros	66.5	59.6	49.6	49.8	49.5
Personnel costs ratio in %	19.7	16.4	15.2	15.8	14.7

The remuneration model of all staff at Bechtle consists of fixed and variable remuneration components. The size of the variable remuneration depends on the goal attainment level of the tasks agreed for the respective area of responsibility. For sales employees, the variable component is based on the size of the achieved contribution margin; whereas in the case of staff in the service sector, revenue is used as a benchmark. For managing directors, the performance-related remuneration depends on the attainment of the profit and revenue targets stipulated at the start of the year.

IN-SERVICE TRAINING AND EDUCATION

For Bechtle, the qualified training of young people is one of the key tasks within the scope of entrepreneurial activities. Our company has been meeting this responsibility for 25 years, now. Thus, in 2007 the parent company in Neckarsulm posted a new record figure of over 800 applications for the 36 training places advertised for the following year.

In 2007, a total of 257 young people trained for a total of eleven apprenticeable trades at our company. Thereof 34 junior staff completed training abroad. In addition to commercial and technical sectors (wholesale and foreign trade, system electronics and specialist IT), the training areas also includes the inventory management sector, as well as courses which we offer via a vocational training academy. In this case, the emphasis is on courses in economic IT and communication technology. The training quota improved in 2007 from 5.7 per cent to 6.0 per cent.

We regard the subject of training as an important part of our provision for the future. As we train people on a needs basis, so far we have been able to offer a permanent employment contract to each trainee who successfully gained his or her qualifications.

The Bechtle Academy founded by the company in 1999 complements the individual training at our Group sites. Via the Academy we offer our staff a comprehensive further training programme that ranges from regular training measures and further training in the operative business through to seminars on subjects of overriding importance, such as corporate culture. Induction events for new staff are also held in the Academy. In the future, the promotion of our own management trainees will become more important within the scope of the Academy's activities.

The number of participants in events at the Bechtle Academy rose by 50.8 per cent in 2007 to 3,820 (previous year: 2,533). The number of participant days even increased by 62.6 per cent

to 6,541 (previous year: 4,023). The events mainly concentrated on induction training for new staff, which accounted for over 30.0 per cent; followed by further training measures for sales, accounting for over 20.0 per cent of participant days.

LEADERSHIP PHILOSOPHY

The Executive Board of Bechtle AG is responsible for the strategic orientation of the Group. The responsibility for the operative business lies with the divisional managers and the Managing Directors on site (cf. Management structure, p. 44). The implementation of the strategy is guaranteed via continuous reporting and communication between the Group Executive Board, the divisional managers and the Managing Directors. For entrepreneurial success it is crucial that the principle of decentralisation is applied, and therefore entrepreneurial responsibility is borne by the Managing Directors. At the same time, it is important to find an appropriate balance in the decision-making processes between management and control by the Group, and the autonomy of the Managing Directors on site.

REMUNERATION OF THE BOARDS

The full remuneration of all Executive Board members is made up of a fixed and variable (performance-related) component. The performance-related component corresponds to the annual bonus, and depends on the attainment of defined financial objectives. These objectives are set annually by the Personnel Committee of the Supervisory Board. The calculation of the performance-related component is based on the earnings before taxes of the Bechtle Group, and is geared to the attainment of fixed threshold values. The bonus is capped at a maximum level. If the actual result falls below the profit target by more than 50 per cent, no bonus is paid. No variable remuneration components with a long-term incentive effect and risk character exist, and the company has no pension commitments vis-à-vis the Executive Directors.

The remuneration of the Supervisory Board consists exclusively of a basic salary. As regards the size of the remuneration, the chairmanship, deputy chairmanship and activities in the committees are taken into account.

Further information about the remuneration of executive bodies can be found in the Notes on p. 153.

On 31 December 2007 the Company's issued capital comprised a total of 21,200,000 euros. This is divided into 21,200,000 individual bearer shares. The amount of the ordinary share capital represented by each individual share is 1.00 euro. All company shares have been issued as bearer shares without any indication of the nominal value (common stock).

Different classes of shares do not exist.

The shares are identified as follows:
International Securities Identification Number (ISIN): DE0005158703
German securities ID No. (WKN): 515 870

The Group

The Executive Board is not aware of any limitations to voting rights or restrictions on the transferability of shares.

As per 31 December 2007, the company is aware of the following shareholders who either directly or indirectly are holding in excess of ten per cent of the voting rights:
Karin Schick: 32.03 per cent
BWK GmbH Unternehmensbeteiligungsgesellschaft, Stuttgart: 18.47 per cent.

There are no shares with special rights conferring powers of control.

The company has no voting control over shareholding employees.

The appointment and dismissal of members of the Executive Board is governed by § 84 of the German Stock Corporation Act. Members of the Executive Board are appointed by the Supervisory Board for a maximum of five years, by means of a resolution by the latter. The renewal of an appointment or an extension of his or her term for a maximum of another five years is possible. This requires another resolution by the Supervisory Board, which can be adopted at the earliest one year prior to the conclusion of the previous term of office. Only in the event of an appointment of less than five years a prolongation of the term of office can take place without a corresponding resolution of the Supervisory Board, subject to the condition that, in doing so, the whole term of office does not exceed five years. This applies in a general manner for the corresponding employment contract, which can stipulate that, in the event of such prolongation of the term of office, it shall continue to remain in force until the expiry thereof. If more than one person is appointed to the position of Member of the Executive Board, the Supervisory Board can nominate one of them as Chairman of the Board. The Supervisory Board has exercised this prerogative and nominated Ralf Klenk as Chairman of the Executive Board.

The Supervisory Board can revoke the appointment to Member of the Executive Board or the nomination as Chairman in the event of good cause. Good cause would, for example, be constituted by dereliction of duty, incapacity to exercise orderly management functions or a vote of no confidence by the Annual General Meeting, unless this vote has taken place for reasons which are clearly unsubstantiated. Such revocation shall have legal effect until the contrary has been found in a legally binding manner.

Paragraph 5.1.2 of the German Corporate Governance Code sets out a number of additional principles with regard to the appointment of the Executive Board. In accordance therewith, the Supervisory Board is to work together with the Executive Board in order to achieve long-term succession planning. For initial appointments, the maximum possible period of five years should not be the rule. Reappointment prior to the end of the year before expiry of the appointment period carried out in tandem with the abrogation of the current appointment should only take place under special circumstances. An age limit for Executive Board Members should be established. The internal regulations of the Executive Board of Bechtle AG set an age limit of 65 years. The Articles of Incorporation do not contain further rulings governing the appointment or dismissal of Members of the Executive Board.

The conditions subject to which amendments to the articles of incorporation can be made are primarily set out in §§ 179 to 181 of the German Stock Corporation Act. Any amendment to the articles of incorporation shall require a resolution adopted by at least a three-quarter majority of the share capital represented when voting on such a resolution from the Annual General Meeting, as well as a corresponding entry recording the amendment to the articles of incorporation in the Commercial Register. The articles of incorporation can stipulate another majority requirement of shareholders as well as setting out additional conditions, however only a large majority of shareholders can change the Group's purpose. The articles of incorporation of Bechtle AG do not contain any such special ruling.

The authority to make amendments, which only concern a given version, can be conferred to the Supervisory Board by the Annual General Meeting. This has occurred with regard to Paragraph 10.4 of the articles of incorporation. The amendment to the Articles of Incorporation shall only enter into force upon being published in the Commercial Register at the registered domicile of Bechtle AG.

The Executive Board directs the Company on its own responsibility (§ 76 [1] of the German Stock Corporation Act). It is required to carry out the executive management and represent the Company (§§ 77 and 78 of the German Stock Corporation Act respectively). The Supervisory Board has stipulated certain kinds of corporate acts which the Executive Board is only allowed to carry out with the consent of the Supervisory Board. The Supervisory Board represents the interests of the Company vis-à-vis the Members of the Executive Board (§ 112 of the German Stock Corporation Act).

The Executive Board is authorised, with the consent of the Supervisory Board, to increase the share capital on one or several occasions until 10 June 2009 by 10,600,000.00 euros through the issue of new shares made out to bearer against cash contributions or contributions in kind (Authorised Capital).

The Executive Board decides, with the consent of the Supervisory Board, to exclude a subscription right as well as the modalities governing the issuing of new shares. The exclusion of the subscription is permissible:

- in order to exclude fractional amounts from the shareholders' subscription right
- in order to issue shares against contributions in kind especially for mergers, or for the acquisition of companies, parts of companies or equity interests in companies
- in the event of capital increases against cash contributions to a total of 10 one-hundredths of the ordinary share capital, subject to the condition that the issuing price does not fall significantly below the market price
- in the event of a capital increase for the purpose of issuing employee shares, if the pro rata amount of the new shares, for which a subscription right is excluded, does not exceed ten per cent of the ordinary share capital at the time of issue.

A share buy-back is only permissible in accordance with § 71 (1) of the German Stock Corporation Act in the event of one of the exceptional circumstances listed therein. The Company is authorised, on the basis of a resolution adopted at the Annual General Meeting held on 21 June 2007, to repurchase its own shares pursuant to the eighth subparagraph of § 71 (1) no. 8 of the German Stock Corporation Act. Said authorisation became effective on 21 June 2007 and will remain in force until 20 November 2008. The repurchase of own shares must be carried out via the stock market or in the context of a public offering. The purchase price per share paid (excluding transaction costs) by the Company may not be more than 10 per cent above or below the average closing price of the Company's shares in the XETRA securities trading system on the fifth trading day prior to the share buy-back or, in the event of a public offering, on the day prior to publication thereof. The scope of said authorisation is limited to ten per cent of the ordinary share capital. Said share buy-back is only permissible in order to achieve the objectives set out in the resolution.

There are no significant agreements on the part of the Company which are contingent on a change of control as a result of a takeover offer.

The Supervisory Board has not concluded any agreements on behalf of the Company with Members of the Executive Board, for the event of a change in control as a result of a takeover offer.

// GENERAL SETTING

Overall economy

The Eurozone economy by and large kept pace with the strong economic growth of the previous year 2007. According to initial figures from Eurostat, gross domestic product (GDP) stood at 2.7 per cent in the year under review, compared with 2.8 per cent in the previous year. The mainstay of growth was domestic demand, which was propped up by a strong tendency to invest. Uncertainty about the impact of the US financial market crisis had an adverse effect on the business climate, particularly in the second half of the year.

The German economy also saw a robust upturn in 2007. It was, nevertheless, not altogether able to sustain the pace of growth of the previous year. According to the calculations by the Federal Bureau of Statistics, GDP in real terms stands at 2.5 per cent (previous year: 2.9 per cent). The upward trend dropped off in the course of the year. Overall, the impetus for growth came mainly from export and gross investment. The contribution of export trade to growth in GDP stood at 1.6 percentage points. Gross investment contributed to 0.9 percentage points of growth, of which investment in plant and equipment accounted for 0.6 percentage points. State consumer spending was also a contributor to growth at 0.4 percentage points.

(Sources: European Central Bank, Eurostat, Federal Bureau of Statistics)

Sector

According to calculations by the European Information Technology Observatory (EITO), the IT market in the EU grew considerably by 5.4 per cent in the year under review. As in the previous year, the main drivers of growth were IT services with growth of 6.7 per cent and software products with growth of 5.9 per cent. Trading in hardware saw a considerably weaker increase of 2.6 per cent. In this area, the collapse in prices in the infrastructure environment had the effect of curbing growth. In the EU's five largest IT markets – Germany, France, the UK, Italy and Spain – a similar overall picture emerged, with the exception of Italy. In Italy, in a generally weak market (growth: 2.0 per cent), trading in hardware was the growth driver at 4.2 per cent.

According to BITKOM, the German IT market notched up 5.0 per cent in the year under review. Here, too, growth was driven by the segments of IT services, up 7.9 per cent, and software, up 5.2 per cent. In the area of IT services, demand from SMEs picked up noticeably. The hardware market was only able to grow by 0.7 per cent. According to the Federal Bureau of Statistics, the fall in prices for traditional hardware products such as desktop PCs, laptops and servers stood at approx. 20 per cent in the last year.

Overall statement

Bechtle AG was able to benefit from economic growth in Germany and Europe in the last year. The Group significantly outperformed the market as a whole. The strong demand for IT services was accompanied by a similarly favourable segment performance for Bechtle, which benefited from the structuring measures taken in the reporting period. The hardware market reported only weak growth in spite of the favourable macro-economic setting. At the same time, Bechtle also managed to grow considerably in this segment and was therefore able to underline the company's strength in this domain.

Bechtle AG was not affected by a major economic influencing factor in the year under review – namely the increase in VAT. The offers of Bechtle AG are exclusively aimed at corporate customers. The increase only had affected the customer groups of public contractors, insurance companies and banks. However, Bechtle was unable to discern any considerable pull-forward effects in the fourth quarter of 2006 and/or a downturn in the predisposition to invest among these customer groups at the beginning of the year.

The corporate tax reform approved on 6 July 2007 led in the year under review to a revaluation of long-term deferred tax assets and liabilities. As a result, there was a one-time deferred tax yield of about 1.1 million euros. (cf. Notes p. 133 f.)

// EARNINGS, ASSET AND FINANCIAL POSITION

Preliminary comment: The figures from the previous year have been partially adjusted in connection with the revision of deferred taxes and currency conversions for improved comparability, as well as with the first-time inclusion of SOS Developers SAS, France in the consolidated accounts. More information about this, as well as a reconciliation, can be found in the Notes on p. 100.

Earnings position

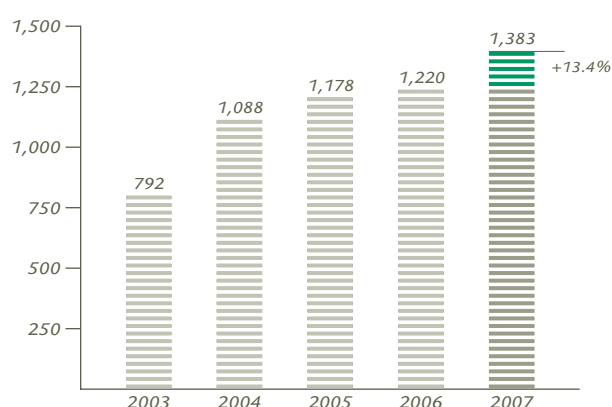
TREND IN ORDERS

Bechtle specialises in short-term contracts for the sale of merchandise and services. The business sector Managed Services, which is characterised by more long-term contractual relationships, is still being developed. Incoming orders therefore largely correspond to revenue over a fiscal year. At about 1.41 billion euros, incoming orders were worth 180 million euros or 14.6 per cent above the previous year's figure of 1.23 billion euros during the reporting period. The increase was somewhat higher than the comparable increase in revenue. Organic growth was about 9 per cent. Orders on hand at the end of the year amounted to almost 100 million euros, compared to some 85 million euros in the previous year. This clear increase is also connected to the winning of several larger projects at the end of 2007, which were first processed during the current fiscal year.

GROWTH IN REVENUE

The Bechtle Group attained a new record in the fiscal year 2007 with revenues of 1.38 billion euros. The company has thus succeeded in slightly exceeding its own target of 1.35 billion euros.

Revenues in million euros



Revenues rose from 1,220.1 million euros by 163.3 million euros or by 13.4 per cent to 1,383.5 million euros. In the previous year, the increase was 3.6 per cent. The increase was due in almost equal proportions to acquisitions and organic growth. Adjusted for the companies acquired in the fiscal year 2007, revenues were 7.7 per cent above those of the previous year.

Organic growth during the reporting period was due to both the positive development in the business climate, and a corresponding increased readiness to invest, and to operational improvements. Bechtle thus expanded distribution staff in particular for both business segments during the reporting period, and trained the new and existing staff by various training measures.

Considered on a quarterly basis, the strongly cyclical nature of the business, which is normal in the sector can be clearly seen. Revenue in the reporting period rose steadily from one quarter to the next: While the first quarter accounted for 22.5 per cent (previous year: 23.8 per cent) to total annual revenues, the final quarter made the largest contribution with 29.6 per cent (previous year: 29.9 per cent). Bechtle was simultaneously able to clearly exceed the revenues record of the last quarter of the previous year and earned 409.2 million euros in the last three months of the reporting period (previous year: 364.4 million euros).

Revenue development 2007 *in million euros*

	Q1/2007	Q2/2007	Q3/2007	Q4/2007
Revenue	311.9	319.6	342.8	409.2
% of total annual revenues	22.5	23.1	24.8	29.6

It was also possible to markedly increase productivity within the Group. Sales per employee in 2007 amounted to 364 thousand euros compared to 338 thousand euros in the previous year with an average workforce of 3,805 full-time employees (previous year: 3,605).

Germany continues to be the most important market for Bechtle. Domestic revenues accounted for 65.2 per cent (previous year: 66.9 per cent) of total revenues with 902.4 million euros (previous year: 815.9 million euros). The foreign share of 481.1 million euros (previous year: 404.3 million euros) thus reached 34.8 per cent (previous year: 33.1 per cent). The distribution thus shifted slightly in favour of the foreign revenues last year. This is against the background of acquisitions carried out abroad and the above-average growth in IT e-commerce in the European individual companies.

Regional distribution of revenue *in million euros*

	2003	2004	2005	2006	2007
Domestic	635.7	737.8	784.2	815.9	902.4
% of total revenues	80.3	67.8	66.6	66.9	65.2
Abroad	156.2	350.3	394.1	404.3	481.1
% of total revenues	19.7	32.2	33.4	33.1	34.8

COSTS AND EARNINGS DEVELOPMENT

Sales costs

Sales costs rose slightly disproportionately to revenues in the reporting period by 13.5 per cent, from 1,046.6 million euros to 1,188.1 million euros. This is above all due to the slightly above-

Earnings, asset and financial position

average increase in the cost of materials. This reflects the pressure on prices as well as margins in the IT market. On the other hand, the share of personnel expenses to sales costs decreased due to the restructuring measures carried out by Bechtle during the reporting period, so that this more or less compensated for the increased cost of materials. The gross profit increased by 12.5 per cent, from 173.6 million euros to 195.3 million euros. The gross margin slightly decreased, from 14.2 per cent to 14.1 per cent.

Sales costs/Gross profit *in million euros*

	2003	2004	2005	2006	2007
Sales costs	685.7	935.2	1,020.4	1,046.6	1,188.1
Gross profit	106.2	153.0	157.9	173.6	195.3
Gross margin in %	13.4	14.1	13.4	14.2	14.7

Distribution and administrative costs

Distribution and administrative costs increased by 17.5 million euros to 148.6 million euros (previous year: 136.5 million euros) above all due to acquisitions and new hiring. However, as a proportion of revenue these costs nonetheless went down. The relative contribution of distribution costs decreased from 6.0 to 5.9 per cent and that of administrative costs from 5.1 per cent to 4.9 per cent. The training measures for staff and the closure of non-economic locations during the year 2006 had a positive effect on distribution costs. The change in administrative costs reflects, in addition to the above-mentioned factors, the fusion of locations whereby costs could be saved carried out in the reporting period.

Distribution and administrative costs *in million euros*

	2003	2004	2005	2006	2007
Distribution costs	41.8	63.7	68.5	73.7	81.4
% of revenues	5.3	5.9	5.8	6.0	5.9
Administrative costs	43.0	56.4	55.5	62.7	67.2
% of revenues	5.4	5.2	4.7	5.1	4.9

Other operating earnings rose by 2.9 million euros to 11.5 million euros (previous year: 8.6 million euros). This item is dominated by special effects from the first quarter of 2007 of 2.6 million euros. This concerns the sale of real estate in Switzerland not used by the company itself, as well as the reimbursement of costs in connection with a lawsuit which has been settled.

Marketing expenses

The marketing expenses of Bechtle AG are a component of distribution costs. Divided between the segments, the expenses in the reporting period for IT e-commerce were 1.9 million euros, for the IT system house 1.2 million euros.

In the IT e-commerce segment, Bechtle markets exclusively products from third parties. As is usual in the sector, marketing costs are, in most cases, covered by income in the form of advances

from the manufacturers. In the IT system house segment as well, many marketing campaigns are supported by the manufacturers. The impact of the costs referred to was thus insignificant.

The marketing campaigns in the IT e-commerce segment mainly involve product advertising via mailings and the weekly dispatch of printed product information. Bechtle also conducts a limited amount of online advertising. One of the most important marketing instruments in IT e-commerce is the Bechtle catalogue. It is published twice a year in a print-run of 180,000 copies and with a volume of more than 800 pages in five languages. It is produced for all countries centrally in Neckarsulm. The individual national companies are largely autonomous in their marketing campaigns and adopt the usual practices and adapt to markets in the particular countries. The focus is partly on online marketing, and partly on the mailing of printed publications.

In the IT system house segment, with its decentralised structure, marketing campaigns are initiated by the holding company on the one hand and promotions by the individual system houses on the other. They serve principally to present the Bechtle product portfolios and the newest services, as well as to increase customer loyalty. The most important components of the central marketing campaigns are the customer and employee magazine Bechtle update and the Bechtle Competence Center Day (CC Day). The Bechtle update appears four times a year, and reports on current events at Bechtle, presenting the successful projects and locations of the Bechtle Group. On the annual CC Day, Bechtle presents the entire spectrum of services on offer to customers, but also to its own employees, at company headquarters in Neckarsulm. In the reporting period, the CC Day was attended by some 700 interested parties.

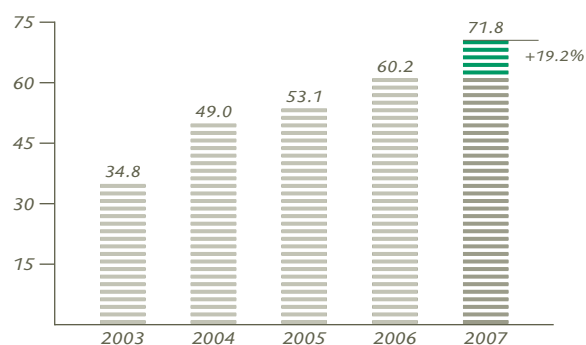
Numerous events were organised by the IT system houses during the reporting period. They were conducted under the responsibility of the particular location. The IT system houses receive support from the central Event Management unit. The largest event during the reporting period was the Bechtle IT-Forum Bavaria, an event jointly-organised by the four Bavarian Bechtle IT system houses. A broad range of information and entertainment was on offer to customers at the easy-credit Stadium in Nuremberg.

As a rule, Bechtle does not maintain its own stand at the relevant trade fairs, but has a present in the stand areas of other manufacturers or partners.

Earnings situation

Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 19.2 per cent to 71.8 million euros (previous year: 60.2 million euros). The EBITDA margin thus increased, by 4.9 per cent, to 5.2 per cent.

EBITDA in million euros



Earnings, asset and financial position

Total depreciation was 13.5 million euros (previous year: 14.5 million euros). Of this, the largest share, at 10.0 million euros, involved software and property, plant and equipment (previous year: 10.4 million euros). The property, plant and equipment relates to the Group's own IT and office equipment. In addition, depreciation in the framework of property, plant and equipment also includes fixtures added by the lessee and assets which are in customer use under longer-term maintenance contracts.

Further depreciation of 3.5 million euros (previous year: 4.1 million euros) applied to customer bases and customer service contracts. An additional depreciation provision of 0.9 million euros was created here in connection with the acquisitions carried out in the reporting period. Special depreciations carried out in the previous year of 0.7 million euros reduced depreciation in the reporting year, as did depreciation of customer bases or customer service contracts which were likewise performed in the previous year.

The depreciation ratio decreased slightly from 1.2 per cent to the current 1.0 per cent and remains of secondary importance compared with other cost items. The impairment test for goodwill again indicated no need for depreciation in 2007.

The operative earnings before interest and taxes (EBIT) improved to 58.3 million euros (previous year: 45.7 million euros). This is a clear increase of 12.5 million euros or 27.4 per cent.

EBIT in million euros



Bechtle AG exhibited low debt ratio in the reporting period, so that the financial result increased, with a positive balance for interest, to 0.8 million euros (previous year: 0.1 million euros).

The earnings before tax (EBT) increased by 28.7 per cent from 45.9 million euros to 59.0 million euros and thus exceeded the target of 58 million euros. The EBT again showed a disproportionate increase in relation to revenues: the EBT margin improved in 2007 from 3.8 per cent in the previous year to 4.3 per cent. The enormous importance of last quarter for Bechtle AG was also demonstrated by EBT. With 19.5 million euros, some 33 per cent of earnings before tax were obtained in the last three months alone.

EBT in million euros



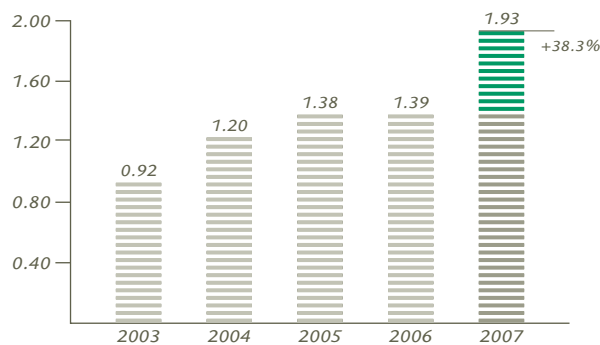
EBT-Margin in %



The income tax increased by a relatively low 11.1 per cent to 18.0 million euros (previous year: 16.3 million euros). The tax rate correspondingly diminished from 35.4 per cent to 30.6 per cent. The lower tax rate is in part due to the higher foreign share of the earnings before taxes – in particular due to the low tax rate Switzerland. In addition, the corporate tax reform in Germany had a positive effect on Bechtle during the reporting period. In particular, revaluation of the deferred tax assets and liabilities led to a non-recurring deferred tax yield of 1.1 million euros.

The earnings after taxes and before minority interests increased by 38.3 per cent to 41.0 million euros over the previous year (29.6 million euros). Earnings per share (EPS) rose compared to the previous year by 38.3 per cent to 1.93 euros (2006: 1.39 euros).

EPS in euros



The basis for the dividend payment is the separate financial statement of Bechtle AG with a net profit of the year of 19.3 million euros. After allocation of 6.6 million euros to reserves, retained earnings for the fiscal year were 12.7 million euros. The Executive Board proposed to the Supervisory Board, that the retained earnings be paid out to the shareholders and that a motion proposing payment of a dividend per share of 0.60 euros be submitted to the Annual General Meeting. The dividends per share would be 20 per cent greater than the previous year. The number of shares entitled to dividend remained unchanged at 21.2 million.

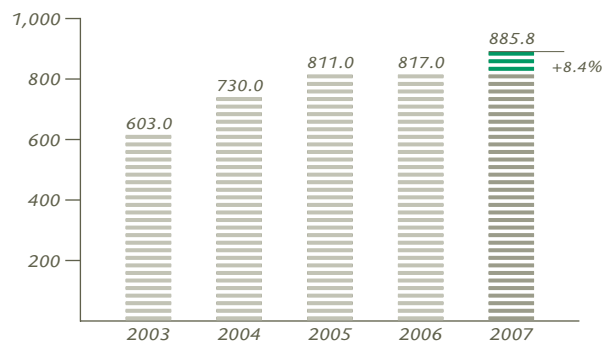
SEGMENT REPORT

The activities of the Bechtle Group are divided between the two segments IT system house and IT e-commerce. This division reflects the two pillars of the business model, which combines central direct sale of IT products independent of manufacturer (IT e-commerce) with the decentralised provision of services and trading in IT infrastructure (IT system house) in one integrated approach.

IT system house

The IT system house segment generated revenues of 885.8 million euros (previous year: 817.0 million euros) in 2007. This is a plus of 8.4 per cent, or 68.8 million euros. In addition to the impetus given by the economic situation, this growth was assisted by improved organisation in the business sectors Public Sector and Managed Services. In total, Bechtle generated 64.0 per cent of consolidated revenues in this segment (previous year: 67.0 per cent). In the medium-term it is expected that the share in revenues of both segments will be equalised.

Segment revenue IT system house in million euros



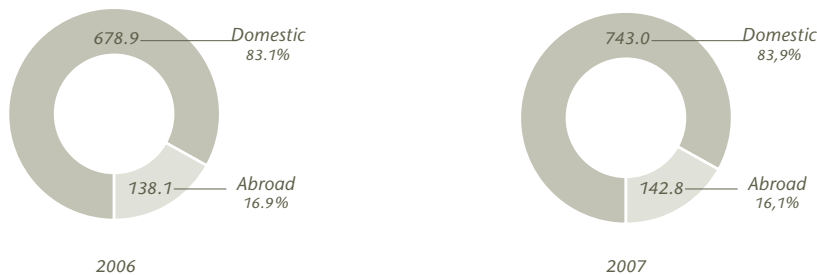
The pronounced seasonal character of demand in the industry is also clear in the IT system house segment. In the first quarter the branch generated revenues of about 21.8 per cent, while the fourth quarter disproportionately contributed to annual sales by the segment with 29.6 per cent.

Despite extensive new hiring, it was possible to increase productivity in the IT system house segment. This is also due to the consistent in-service training of new and existing staff through the Bechtle Academy. It was possible to increase sales per employee during the fiscal year, with an average of 2,975 full-time employees (previous year: 2,891 employees) by 5.3 per cent, from 283 thousand euros to 298 thousand euros.

With 743.0 million euros (previous year: 678.9 million euros) and thus 83.9 per cent (previous year: 83.1 per cent) the bulk of IT system house revenues in the reporting period continued to emanate from domestic revenues. The focus here was on the further expansion of the distribution of high-quality service in the sector Managed Services and the business area Public Sector.

The Swiss system houses contributed 16.1 per cent (previous year: 16.9 per cent) to segment revenues, with 142.8 million euros (previous year: 138.1 million euros), although changes in exchange rates make comparison with the previous year more difficult. Adjusted for such changes, revenues of the Swiss system houses attained 149.1 million euros. The priority for management activity in Switzerland lay in the continued implementation of the measures initiated in Autumn 2006 for reorientation and restructuring of the operative business units. Further locations in Switzerland were thus rationalised in September and the regional structure of the locations adjusted. Furthermore, the product portfolio has been revised and adjusted.

Revenue distribution IT system house in million euros

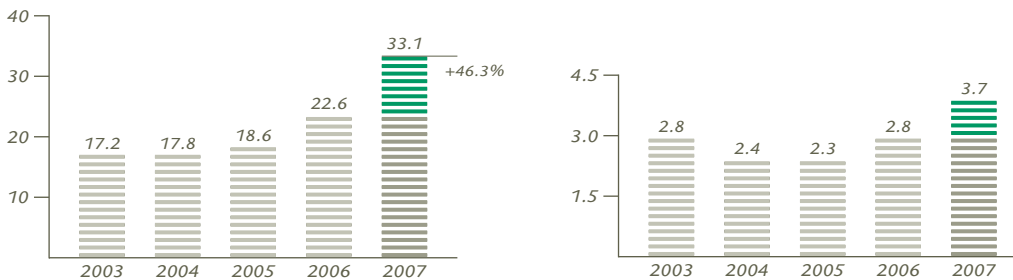


The companies acquired in the IT system house segment in 2007 – ITZ Informationstechnologie GmbH, Essen in January 2007, as well as the Coma Services AG in Switzerland in April 2007 – are included in the declared revenues of the IT system house segment with 31.5 million euros. The revenues due to organic growth totalled 854.3 million euros. These likewise developed positively in comparison with the previous year, with an increase of 4.6 per cent.

The EBIT of the IT system house segment increased in 2007 by 46.3 per cent to 33.1 million euros (previous year: 22.6 million euros). This includes the positive special effects from the first quarter totalling 2.6 million euros mentioned above. The EBIT margin increased as a result from 2.8 per cent to 3.7 per cent. Disregarding special effects, the margin reached 3.4 per cent. The operating improvement in margins is principally due to cost optimisation from the closure and consolidation of locations and improved productivity, as well as increased proportion of high-quality services.

EBIT in million euros

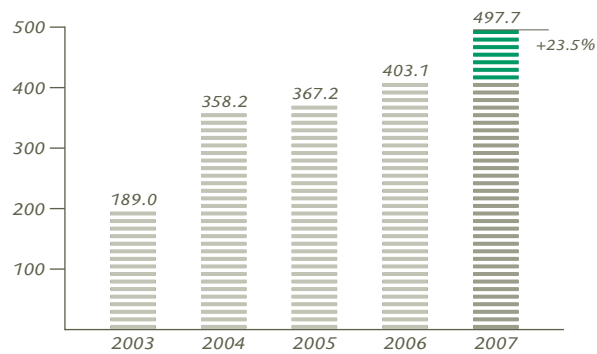
EBIT-Margin in %



IT e-commerce

The IT e-commerce segment was the main source of the increase in revenues in the fiscal year 2007 in the Bechtle Group. In IT trading the Group generated revenues of 497.7 million euros (previous year: 403.1 million euros), which corresponds to an increase of 23.5 per cent.

Segment revenue IT e-commerce in million euros



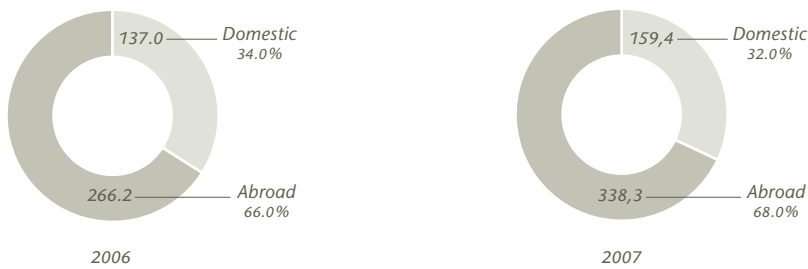
Without the Buyitdirect.com N.V. in the Netherlands, acquired during the reporting period, as well as SOS Developers SAS in France, acquired in December 2006, growth in 2007 reached 14.0 per cent and thus clearly exceeded the general rate of growth in the hardware and software market. The recruiting of sales employees by several national companies, which began in the last quarter of 2006 and continued in the first quarter of the reporting period, their rapid integration into business processes, as well as the ongoing in-service training of existing staff made themselves noticeable here. The share of trading business to total revenues rose from 33.0 per cent in the previous year to 36.0 per cent.

Prices of the hardware products being traded continued to be subject to heavy pressure, even if this trend has abated to some extent. An average 40 per cent of all the prices offered by around 300 manufacturers and approx. 600 distributors, with whom Bechtle works throughout Europe change each day. This pressure is, however, partially compensated for by an improvement in capacity and the quality of the products at comparable unit prices. With regard to organic growth, the number of units of the products marketed by Bechtle have markedly increased. The Group's product range now includes more than 33,000 articles. The range is expanding each week by 240 new products.

Bechtle employed 2007 an average of 830 staff on a fulltime basis in the IT e-commerce segment in 2007 (previous year: 714). Sales per employee increased in the year under review by 6.2 per cent to 600 thousand euros (previous year: 565 thousand euros). This productivity increase is even more remarkable against the background of the previously mentioned new hiring and training measures and the capacity tied up in this. This demonstrates the strength of the Bechtle Academy which Bechtle uses to integrate its employees into the Group in a specific, effective manner.

The largest part of segment revenue in IT e-commerce were attained by Bechtle abroad: due to the successful growth of European trading companies, their share increased by 27.0 per cent and reached 338.3 million euros (previous year: 266.2 million euros), or 68.0 per cent (previous year: 66.0 per cent). The domestic trading companies contributed 159.4 million euros (previous year: 137.0 million euros). This corresponds to a share of 32.0 per cent (previous year: 34.0 per cent) in segment revenues.

Revenue distribution IT e-commerce in million euros



EBIT showed an 8.9 per cent increase from 23.1 million euros to 25.2 million euros. The EBIT margin declined from 5.7 per cent to 5.1 per cent. The reason for this decline is the necessarily higher share of classic, but low-margin hardware products in volume business. Furthermore, as expected, it was not possible to maintain unusually high margin levels of the previous years in some areas.

EBIT million euros



EBIT-Margin in %



Asset and
financial position

ASSET POSITION

The balance sheet total of the Bechtle Group amounted to 451.4 million euros on the closing date 31 December 2007 having risen about 30.7 million euros or 7.3 per cent compared to the previous year.

Summarized balance sheet *in million euros*

	2003	2004	2005	2006	2007
ASSETS					
Non-current assets	99.2	125.7	140.3	143.0	145.6
Current assets	179.3	260.2	273.6	275.2	305.9
EQUITY & LIABILITIES					
Equity	180.8	217.2	237.4	249.2	276.5
Non-current liabilities	10.6	26.8	26.9	28.1	23.8
Current liabilities	87.1	141.9	149.6	143.4	151.2
BALANCE SHEET TOTAL	278.5	385.9	413.9	420.8	451.4

With regard to assets, the increase was mainly due to the clear increase in current assets. These increased from 275.2 million euros by 11.2 per cent to 305.9 million euros. Cash and cash equivalents, including securities classified as short-term assets, increased by 14.9 million euros or 37.8 per cent to 54.2 million euros. The reason for this development is a significant increase in the earnings after taxes for the year, as well as the flow of funds from the acquisition of SOS Developers SAS, France, just before the balance sheet date of the previous year.

Together with open credit lines amounting to 41.6 million euros, the Bechtle Group has solid cash reserves of 95.9 million euros (previous year: 82.4 million euros), with sufficient financial scope for further acquisitions and future growth. At the end of the fiscal year, credit lines amounting to approximately 45.6 million euros were available; Bechtle used only 3.9 million euros for cash advances and bank guarantees.

Thanks to the strong revenue growth in the fourth quarter, the trade receivables rose, contingent upon closing date, about 4.5 per cent, from 181.1 million euros to 189.3 million euros. However, the effective accounts receivable management of Bechtle continues to ensure relatively short lead times for outstanding receivables (the ratio of average accounts receivables to the average daily turnover) of 45 days (previous year: 44 days).

Inventories increased from 39.0 million euros to 46.8 million euros. This increase is due to projects won in the last weeks of 2007– including several major ones – which made stockage of merchandise required for execution of the project necessary. Stockpiling (proportion of inventories to sales) increased slightly from 3.2 per cent auf 3.4 per cent. The low figures show that Bechtle only ties up minimal amounts of capital in the form of inventories. Furthermore, a large part of the inventories is connected to projects and purchased on commission for customers.

The other current assets decreased compared to the previous year by 0.8 million euros or 5.9 per cent to 13.4 million euros. The item essentially contains refunds and other receivables from suppliers in connection with allowances for marketing and outstanding credit notes amounting to 10.0 million euros. It declined in comparison to the previous year by 0.4 million.

In total, the share of current assets in the balance sheet total rose from 65.4 per cent to 67.8 per cent. The intensity of investment (share of non-current assets in the balance sheet total) correspondingly fell from 34.0 per cent to 32.2 per cent. In absolute terms, the non-current assets increased minimally by 1.8 per cent to 145.6 million euros (previous year: 143.0 million euros). Due to acquisitions, goodwill rose by 2.3 per cent from 97.7 million euros to 99.9 million euros. The cover ratio of non-current assets through equity capital increased during the reporting period from 174.3 per cent in the previous year to 189.9 per cent.

In the little fixed-asset-intensive Bechtle AG business, the ROCE (return on capital employed) is essentially determined by the growth of current assets and debts on the one hand, and the growth of earnings on the other. It reflects the positive trend in earnings just as it does the increase in working capital which accompanies the expansion of transaction volumes. In previous years, the Bechtle ROCE has remained by and large stable, at about 20 per cent. During the reporting period, it clearly however increased to 23.4 per cent. This improvement is the result of an above average increase in earnings compared to the increase in the average capital employed and shows a marked increase in efficiency for the capital employed. While EBIT increased in comparison to the previous year by 27.4 per cent, the average capital employed increased by only 7.7 per cent, from 231.6 million euros, to 249.5 million euros.

ROCE and capital employed in million euros

	2003	2004	2005	2006	2007
ROCE in %	17.1	19.9	20.0	19.7	23.4
Capital employed	158.0	189.8	205.9	231.6	249.5

With 31.8 per cent working capital in relation to the balance sheet total slightly increased compared to the previous year (31.1 per cent). The reason for this is setup of inventories by the end of the year.

Working capital in million euros

	2003	2004	2005	2006	2007
Working capital	78.7	89.9	109.1	130.8	143.7
In % of the balance total	28.2	23.3	26.4	31.1	31.8

During the reporting period, real estate in Switzerland owned by Bechtle that was not essential for business was sold. The carrying value, reported last year under the balance sheet item "Non-current assets held for sale", is therefore no longer included in the current balance sheet.

With regard to equity and liabilities, current liabilities as of the closing date, 31 December 2007, increased by 5.4 per cent from 143.4 million euros to 151.2 million euros, due in particular to increased business transactions. Trade liabilities correspondingly increased, date-related, from

Earnings, asset and financial position

84.9 million euros to 88.3 million euros, due to the strong final quarter. The liabilities from tax on income increased, due to the markedly improved earnings situation, by 2.0 million euros to 6.1 million euros. The other current liability and deferral items likewise increased, from 38.5 million euros by 1.8 million euros to 40.3 million euros. The principal element of this balance sheet item is the liabilities from personnel costs of 15.2 million euros. These increased by 1.6 million euros, from 13.6 million euros to 15.2 million euros in the reporting period, against the positive development of business and due to higher performance-related rewards for employees.

The Bechtle Group reduced non-current financial liabilities as of 31 December 2007, in the framework of the projected amortisation instalment, from 9.1 million euros to 3.7 million euros. In total, the share of non-current liabilities in the balance sheet total sank from 6.7 per cent to 5.3 per cent.

On the closing date, neither contingent liabilities with regard to special purpose entities not incorporated into the consolidated financial statements, nor significant investment obligations existed.

Equity capital increased during the reporting period by 27.3 million euros or 10.9 per cent from 249.2 million euros to 276.5 million euros. The increase results from the Group earnings after taxes of 41.0 million euros, minus the dividend payment of 10.6 million euros, as well as the reduction in equity balance on balance due to the direct recognition of income and expenses in equity capital totalling 3.1 million euros. Despite the increase in total assets and liabilities, the equity capital ratio rose in the reporting period from 59.2 per cent to 61.2 per cent. The return on equity increased from 12.9 per cent to 16.9 per cent.

Return on equity and total return on capital *in %*

	2003	2004	2005	2006	2007
<i>Return on equity</i>	11.2	13.6	13.8	12.9	16.9
<i>Total return on capital</i>	7.5	8.0	8.3	8.0	10.3

The debt ratio of the Bechtle Group again improved during the reporting period, and attained 0.63, after 0.69 in the previous year.

The total return on capital employed, which reflects as a key performance indicator the interest on the total capital employed, likewise significantly improved during the reporting period. Despite the increase in total assets and liabilities, it reached 10.3 per cent (previous year: 8.0 per cent) due to the disproportionate increase in earnings as of 31 December 2007.

Declaration of fair value

The fair value for current assets fundamentally corresponds to the amounts recognised on the balance sheet. This equally applies to the other intangible assets, the property, plant and equipment, the income tax receivables, the deferred items and other non-current assets, as well as the deferred taxes within the framework of non-current assets. With regard to goodwill, an impairment test was carried out during the fiscal year. The valuation approach on which the impairment test was based was calculated on the basis of a value in use which was determined by employing a discounted cash-flow method. The value in use quite clearly exceeds the balanced goodwill, so that no depreciation for these assets was incurred. It has not been established what percentage of the surplus is accounted for by goodwill factors or intangible assets not included in the balance.

The amounts recognised on the balance sheet for non-current and current liabilities likewise fundamentally correspond to fair value.

Intangible values

The assets of a company are not only composed of quantifiable elements which can be measured in figures, but also of elements which can only be qualitatively described. The employees of Bechtle AG belong here without any doubt to the most important of these. We report on this in a separate section on p. 50 ff.

Furthermore, relationships with suppliers for Bechtle in both business segments are of outstanding importance for the success of the company. Bechtle works together with around 300 manufacturers and some 600 distributors throughout Europe. On the basis of a tight interlocking of suppliers, Bechtle is in the position to offer its customers a comprehensive range of products with simultaneous high transparency for market prices, as well as extremely rapid availability. As a rule, the goods ordered are delivered within 24 hours. This delivery is mainly not carried out from Bechtle warehousing, but rather, in the scope of a so-called fulfilment solution, directly from the manufacturer or distributor to the customer.

Through the close partnerships with manufacturers – including by means of product managers for the most important manufacturers in house – Bechtle is also promptly informed about the development of new products and can thus ensure that it always offers customers an optimal solution.

Customer relations are the lynchpin for success particularly in the consultancy-intensive service business. Especially for SMEs, commitment, reliability and continuity are indispensable elements in building customer relationships. Bechtle has now been active in the IT market for 25 years and has concentrated from the beginning on the core customer segment of SMEs. The company thus not only has grown customer relations at its disposal, but is also in the position, due to its many years of experience, to create the bases for success in new customer relationships.

The long-term presence on the market of the brands *Bechtle* and *ARP*, belonging to the Bechtle Group, as well as the high market penetration makes these brands an intangible value of the company. The positive image of the brands acquired over the years – both for customers and for manufacturers and employees – is of great importance for the business success of the Group.

FINANCIAL POSITION

Principles and goals of financial management

The goal of financial policy at Bechtle is to maintain the financial strength of the Group on a high level and thus to ensure the financial independence of the company by guaranteeing liquidity. Risks should be avoided as far as possible in the process. The Executive Board's internal regulations thus provide that the conclusion of speculative transactions of all types require the agreement of the Supervisory Board, in particular as to foreign exchange, commodities and securities, insofar as these forward transactions do not serve to protect current business or individual transactions or contracts, or the risks associated with them, or do not belong to normal business operation. Bechtle thus basically only uses derivative financial instruments fundamentally for purposes of hedging. During the reporting period, the specific instruments used were forward exchange transactions and interest swaps. (cf. Notes, p. 147 ff.)

In the investment of surplus liquidity the goal of maximizing revenue is subordinated to short-term availability, so as, for example, being able to have rapid access to liquid assets in the event of

possible acquisitions. Purely financial goals such as the optimisation of revenue from interest are thereby subordinated to the acquisition strategy and the growth of the company. Substantial financial flexibility constitutes the foundation for prevailing in a market which is becoming highly consolidated. The control and management of the liquidity situation is centrally carried out by Treasury Management. (cf. risk report, Finances, p. 81 f.)

Cash flow statement

The cash flow developed quite positively during the reporting period.

The cash flow from operating activities increased in comparison to the previous year by 56.3 per cent to 42.0 million euros (previous year: 26.9 million euros). Decisive for this positive development is the markedly higher earnings before taxes. In addition, the date-related outflow of funds in connection with the building up of trade receivables was 5.9 million euros under the previous year's value and the outward flow for trade receivables in connection with further reduction by 10.7 million euros under the previous year. These changes also contributed to the positive development of cash flow in annual comparison.

For inventory, the development of capital commitment was in the opposite direction. While in the previous year, the inventory was reduced by 2.9 million, in the reporting period a customer order-related increase of 6.1 million euros was recorded. This resulted in a change to the previous year's figure in the amount of 9.0 million euros.

A further increase in the outflow of funds appeared in the income tax paid, which increased by 2.5 million euros as against the previous year because of the positive earnings trend. This was furthermore reduced by the non-operating revenue from the sale of real estate to the amount of 1.9 million euros.

The free cash flow attained 25.8 million euros (previous year: 5.7 million euros). The improvement is related to the positive development of the cash flow from operating activity at lower outflows for acquisitions and almost unchanged outflows for investments in intangible assets and property, plant and equipment.

The outflow of funds from investment activities amounted to 9.5 million euros and was thus significantly below the previous year's level of 19.3 million euros. This can mainly be attributed to the inflow from the sale of real estate in Switzerland amounting to 4.7 million euros and the decreased investments for acquisitions in the amount of 7.7 million euros against the amount of 11.3 million euros in the previous year. The cash flow for investments in intangible assets and property, plant and equipment remained stable at 10.3 million euros (previous year: 10.8 million euros).

In the reporting period, the negative cash flow from financing activities amounted to 16.1 million euros, as against 18.3 million euros in the previous year. As in the two previous years, this was principally determined by the scheduled repayment of long-term debt and the dividend payout.

Cash and cash equivalents clearly rose at the end of the reporting period by 15.6 million euros to 52.3 million euros.

Cash flow in million euros

	2003	2004	2005	2006	2007
Cash flow by					
- Operating activities	27.3	46.2	28.1	26.9	42.0
- Investing activities	-26.7	-38.4	-20.2	-19.3	-9.5
- Financial activities	-4.7	19.8	-21.2	-18.3	-16.1
Cash and cash equivalents	33.7	61.5	48.2	36.7	52.3
Free Cash flow	-0.1	9.9	6.4	5.7	25.8

The essential conditions for the financial liabilities are explained in the Notes on p. 125 ff. A change in the interest rate level would not have significant influence on the financial position, due to the subordinate importance of financial results for the Bechtle Group.

Non-balance-sheet financial instruments were not used in the reporting period and also not in the previous fiscal years.

Against the background of positive company performance, the Executive Board of Bechtle AG continues to see no signs of liquidity bottlenecks in the Group. On the contrary, sufficient financial resources remain available in order to continue organic growth and growth by acquisitions.

**Influence of
accounting policy on
the financial status**

In the fiscal year no options were exercised or discretionary valuation resorted to in the balance sheet during the fiscal year, which would have had significant influence on the earnings, assets and financial position in the case of another option and/or another form of valuation.

Regarding the impact of the use of estimates and discretionary decision, in particular in relation to the measurement of property, plant and equipment and intangible assets, goodwill, doubtful debts, pension obligation, provisions and contingent liability, as well as of tax expense, we refer to our comments in the Notes on p. 109 f.

A decision in the past of major significance for the balance sheet affect the construction of a new company headquarters. Bechtle concluded a leasing agreement concerning the central logistics and administration building in Neckarsulm during the fiscal year 2002. Alternatively, it would have been conceivable to purchase the building. In this case, the building would have to have been entered, with its acquisition costs of about 31 million euros, as an asset in property, plant and equipment, so that the non-current assets and the investment ratio (share of non-current assets in the balance sheet total) would have increased in following fiscal years. Depending on the type of financing, a not insignificant influence on the asset base and financial position would have been produced. In the event of debt financing, non-current liabilities would have increased and the resulting increase in total assets and liabilities would also have led to a smaller equity ratio.

Financing by means of cash and cash equivalents would have had a reduction in financial flexibility as a result.

// RISK AND OPPORTUNITY MANAGEMENT

The principles of value-oriented, responsible corporate management include the use of entrepreneurial opportunities with forward-looking control of the associated risks at the same time. The prerequisite for further development of the company is to identify and evaluate these opportunities and potential risks at an early stage, in order to be able to react promptly and appropriately to events as they occur. Continuous “opportunities and risk management” is an essential part of strategy and business development and internal control systems in the Bechtle Group.

Risk management

BASIC UNDERSTANDING

The possibility that an event could have a negative impact on the future is called risk. A risk is therefore the danger that goals will not be achieved or strategies will not be successfully implemented. This includes all internal and external events, actions or omissions that constitute a potential threat to the success or existence of the company. The term risk is not restricted to unexpectedly occurring, negative developments or events, but rather refers expressly to the failure to capitalise on, or defective use of positive development possibilities or opportunities.

At Bechtle AG, risk management is defined as the entirety of all organisational rules and measures for identifying risk, and the entrepreneurial measures for effectively countering these risks. The prime goal of risk management is especially to identify fundamental risks and risks that threaten the continued existence of the company in good time; and to initiate appropriate measures within the scope of risk control, so that the potential consequential loss for the company arising from the risk can be minimised or averted. Efficient risk management ensures that employees and resources are used in such a way as to support the attainment of corporate goals in the best possible way.

It is not the function of risk management to prevent all risks. In order to develop opportunities successfully, a company must consciously take risks within its entrepreneurial activities. In doing so, it is important that risks are limited to an acceptable degree. The risk policy or strategy sets the framework for the level of risk within the meaning of an overriding basic orientation of the company. At Bechtle AG, the risk strategy is based on the corporate culture, the corporate principles and the strategic corporate goals. They serve as an orientation aid for all decisions that determine daily actions. The fundamental elements of this basic cultural character of the company are embodied in the corporate philosophy of Bechtle AG.

With the mid-term objectives 2010 and Vision 2020 Bechtle AG is pursuing the ambitious goal of becoming market leader in Germany or rather Europe. Thus key element is an increase in company size with a corresponding increase in revenue and profit. The high growth that one aspires to inevitably goes hand in hand with regularly taking higher risks. The risk policy/strategy of Bechtle AG must take this into account.

ORGANISATION

The risk management organisation forms the institutional framework for risk management. In accordance with the organisational structure of the Bechtle Group, for risk management a clear separation of tasks and responsibilities takes place between the Group holding and the operative subsidiaries. The holding has built up a suitable reporting system in its controlling that allows the early identification of business-endangering developments. On this basis, suitable specifications have been laid down for the subsidiaries that lead to appropriate and effective risk management when used systematically. Thus, a large part of the responsibility for risk management tasks lies with

the managing directors of the individual businesses ("Risk Owners"). This basic understanding also conforms to the decentralisation of the business model and the management philosophy of Bechtle AG.

Functionally-speaking, the elements of "non-process-specific monitoring" and "early warning and monitoring system" can be differentiated as follows: The function of "non-process-specific monitoring" comprises the control of the efficiency of the process. (The effectiveness test of individual measures for risk control is carried out by the statutory auditor within the scope of the audit of the annual financial statements, and by the company during the course of the fiscal year.) A key part of the non-process-specific monitoring is the internal audit (Internal Audit Department); it checks operational activities retrospectively with regard to regularity and expediency. The legal basis for the activities of the Internal Audit Department can be found in § 91 (2) of the German Stock Corporation Act (AktG). In the case of Bechtle AG, tasks of the Internal Audit Department are carried out continuously within the scope of the inspection of the monthly financial statements and when the situation demands them in the field of Group accounting.

The structure of the early warning and monitoring system is geared to strategic and operative threats, and guarantees the functional reliability of risk management and other corporate processes. Early warning systems are instruments that support the company by identifying risk and opportunities in good time so that the company can react to events or situations in good time. When identifying latent risks, attention is especially focused on finding early indicators. Monitoring is understood to mean the continuous reviewing of the effectiveness, appropriateness and efficiency of the measures taken – including necessary control structures with regard to the identified risks.

Within the scope of risk management, the effective communication of essential tasks and contents across the hierarchy levels is of crucial importance for the "interlinking" with the operative business. A key instrument for the organisation and control of the necessary information flow in this context is the cooperation between executive bodies and teamwork. At the highest level of Bechtle AG, these are the meetings of the Supervisory Board and the Executive Board and the risk management meetings. At management level they are above all the managing directors' meetings, so-called experience exchange meetings, strategy meetings, planning discussions and individual discussions at the locations.

RISK IDENTIFICATION AND EVALUATION

In order to record the relevant risks of Bechtle AG as completely as possible, the company works with a risk recording sheet. This structures potential risks by means of a checklist. This list can be adapted with regard to content by the persons involved in the risk identification.

The risk recording sheet is the basis for risk evaluation: Each risk is evaluated with respect to the probability of occurrence and expected size of the loss (risk potential) and is positioned in a risk matrix in order of importance (A, B, C risks). An evaluation states how likely the occurrence of risk is for the risk potential which is taken as a basis according to the measures taken. The result is an aggregated representation of all identified risks in the form of a "risk map" or a "risk atlas" for Bechtle AG.

RISK CONTROL

The company reacts to the identified risks on a case-by-case basis and therefore with differing strategies:

- Risk prevention: The renunciation of the risk-entailing activities results in no opportunities being exploited
- Risk reduction: reduces the average probability of occurrence
- Risk limitation: minimises the probability of occurrence
- Risk compensation: the risk is borne by the company itself, and if necessary is compensated for by a counter transaction.
- Risk shifting: transfer of the risk to a different (insurance) company
- Risk acceptance: no countermeasures are taken

RISK REPORTING AND DOCUMENTATION

Regular risk management meetings are held at Bechtle AG. The participants at these meetings are the members of the Executive Board, divisional managers, the Chairman of the Supervisory Board and individual employees who are familiar with controlling and risk management tasks. With this group of participants, all the departments and responsibilities which hold the key to the company's success are integrated in the risk management process. In particular, the flow of information between the management team and the Supervisory Board is guaranteed.

Opportunities

MARKET

As a participant in the IT service and IT e-commerce market, opportunities occur for further successful corporate growth with positive sectoral and economic development. Even with a slow-down in demand, Bechtle can profit from this development through the consolidation of the competitive environment: Therefore Bechtle AG concerns itself intensively with strategic market analyses and the critical success factors, and derives from this concrete opportunity potential for future development. In doing so, it focuses on trends and developments that have direct consequences for the company's profitable growth.

Many companies – and, above all, public clients – only invested cautiously in their IT infrastructure in the years up to 2006. The relatively long duration of this defensive stance increases the chance that the willingness to invest – as already seen in the year under review – will tend to improve against the backdrop of positive economic conditions. In addition, an opportunity exists for Bechtle to compensate somewhat for the general economic dependency that the company is exposed to in the industrial environment by strengthening the public client segment.

The system house market, especially in the German-speaking zone, has been undergoing a strong phase of consolidation for a few years. Bechtle has actively utilised this. The company has been able to carry out numerous acquisitions over the last few years on the basis of sound financial clout and its good reputation, and therefore further reinforce its market position. Against the backdrop of continuing sectoral streamlining and the still outstanding position of its asset value and the financial base of the Bechtle Group, there will also be opportunities for the Group to further consolidate its competitive position in the future – for instance through additional acquisitions or by complementing its product and service range.

In the IT e-commerce segment opportunities exist, in addition to the planned growth at the existing locations, especially in the further internationalisation of the business on the basis of a clear multi-brand strategy. The necessary systems and processes have been continuously improved over the last few years and form a reliable basis for further growth.

The subject of climate protection has also found its way into the IT industry under the slogan "Green IT". In order to meet the requirements for eco-friendly IT and utilise the resulting opportunities, Bechtle has introduced an innovative offer for the so-called "greens", i.e. low-emission, energy-saving products. In addition, Bechtle offers customer-specific solutions in the service sector that also contribute to energy savings in the IT infrastructure, for example, through server consolidation or through the virtualisation of applications. (cf. environmental protection, p. 47 f.)

CUSTOMERS

In the IT system house segment, Bechtle reaches the SME (small to medium-sized business) customer target group in Germany and Switzerland with a region-wide network of system houses. Given the intersectoral customer structure, Bechtle is relatively unaffected by sector-related cyclical trends and investment conditions within the SME segment. In the IT e-commerce segment the company operates in selected European countries with the *Bechtle direct* and *ARP Datacon* brands. In addition to a broader approach to customers, Bechtle sees increased customer loyalty through the use of so-called Bechtle Information & Ordering Systems bios® shop (cf. Chapter Range of Services and Processes, p. 45 f.) as a future opportunity for growth in this segment.

MANUFACTURERS AND DISTRIBUTORS

Bechtle AG maintains close partnerships with all leading suppliers and manufacturers in the industry within the scope of its business activities. An example of this is the Sales Competence Center (SCC), which was jointly founded with IBM in 2007. The interdependence of the sales organisations of the two companies is aimed at serving SMEs in a more individual and, above all, more qualified manner, technically-speaking. Through a broader range of solution concepts, especially in the service and software sector, Bechtle is improving its own growth opportunities.

To support this cooperation, Bechtle has also established so-called Vendor Integrated Product Managers (VIPM) for strategic manufacturers, who equally represent the interests of the manufacturer and those of the Bechtle Group. Thus, information from the manufacturer can, for example, be passed onto the employees responsible in distribution and in the service sector in a centralised, targeted and prompt manner. Thus, the quality of Bechtle's distribution activities increases and customers obtain immediate benefits from product promotions organised by manufacturers. In return, the Bechtle product catalogue has, for example, for years represented a distribution channel with a high multiplication effect for manufacturers and distributors.

Through the standardisation of logistical processes and inventory control systems, numerous synergies are created between partners. This leads not only to a broadening of the product range with the increasing availability of goods. It also increases the attractiveness of Bechtle for other distributors and manufacturers.

SERVICE RANGE

Corporate customers are increasingly expecting all-round solutions from one source from their IT service provider. With its combined commercial expertise in the trade and service sectors, as well as within the service sector, with the mixture of the project and service business, Bechtle is well placed to benefit from this trend.

One of the high-growth sectors within IT services is outsourcing, i.e. the full or partial (outtasking) operation of IT by a service provider. Bechtle has positioned itself accordingly through acquisitions, strategic agreements and Competence Centers geared especially to the needs and trends of the market; and has strengthened itself through qualified employees. Attractive growth opportunities may arise for the company in future through outsourcing and managed service orders. Customer relationships in this so-called operating business are mostly established on a long-term basis, which makes planning for business development easier. In addition, the projects promise higher margins than orders from traditional commercial business.

COMPANY ORGANISATION

Through the consistent orientation of the company structure towards strategy an important foundation has been laid for utilising the opportunities arising from market trends. The virtually region-wide presence in Germany and Switzerland, with over 50 locations, allows Bechtle to address both local SMEs on the spot via the regional system houses and – in its entirety as the Bechtle Group – gain supraregional companies and corporations as customers that require a large IT service provider as a reliable partner. Despite the considerable importance of decentralised responsibility and decision-making structures, the Bechtle Group benefits from its size in the field of centralised administrative tasks and the combined purchasing and logistical processes by achieving significant scale effects. Competence Centers and specialised product management teams also combine know-how that is made available centrally to all locations.

Via the gained market position and the combination of decentralised and centralised corporate units, Bechtle is well placed to actively exploit the market opportunities. Thus, Bechtle already combined the expertise and experience in this specialised market segment in 2004 by founding the “Public Clients” division. Improved opportunities for growth in this market also arise from this organised interplay between central support and decentralised market processing by the system houses. A tried and tested basic principle that Bechtle also follows when organising the “Managed Services” sector.

PERSONNEL

For Bechtle, the long-term loyalty of staff to the company is very important. The management style is crucial to the atmosphere in the company. The management of the founder-managed company exemplifies the basic values rooted in the corporate philosophy, and creates an open atmosphere of mutual trust. These basic values include short communication channels and the exchange between the group divisions, locations and hierarchy levels. This is important in order to make existing knowledge usable, as well as to be able to appropriately take into account both the strategic and operative level when making decisions. In addition, Bechtle regularly invests in training and further training for its staff. The above-mentioned Bechtle Academy represents a key module in the increasingly tougher competition for future staff.

CORPORATE CULTURE

The successful development of the company is based on a solid foundation, namely the Bechtle corporate culture. It guarantees the necessary stability, and helps to achieve an internally experienced and externally noticeable affinity with the Bechtle Group – in spite of the autonomously managed locations and regardless of any individuality of the individual companies. Traditional virtues such as tenacity, diligence and reliability are key basic values for Bechtle. The company sets its own goals and gears its business activities concretely towards clearly formulated and specified visions.

Risks

ECONOMY AND SECTOR

Bechtle AG sells IT products in nine Western European countries and also offers IT services in Germany and Switzerland. Even if there is a high dependence on the domestic market, the development of the European economy as a whole has a crucial impact on the growth of Bechtle – due to the presence in various European sales markets with a share of around a third of sales.

The economic forecasts for 2008 are positive. For Germany, the current data only predict a slight weakening of the positive economic trend from the year under review. Nevertheless, it is possible that the prospects for the company's key markets will weaken. For example, there is a risk that the economic momentum will slow in Europe due to the crisis on the US property market and a looming recession in the USA. The willingness to invest by the industry might weaken further in connection with this.

The IT market is still in the midst of a consolidation phase. Increasing competition characterises both the IT service sector trading and the, which is supposed to be the main growth engine. The products and increasingly the services are subject to an ever increasing margin pressure, which is growing with tougher competition and the strained economic situation of many market participants.

Bechtle counters this risk by strengthening divisions with above-average growth potential – such as Managed Services. These not only offer outstanding growth prospects, but also reduce the economic dependency of the Bechtle business with their longer contract terms. By reinforcing the service range in this segment, Bechtle is now investing in the future, in order to also generate growth when development is weak or stagnating.

BUSINESS ACTIVITIES

Procurement

Bechtle AG counters risks on purchasing markets with well-targeted supplier management. However, limits are set for these measures with respect to the development of international purchasing markets. For example, should the current drop in price continue over a prolonged period, this may put the profitability of the Group at risk.

Bechtle purchases its products from all the leading manufacturers and distributors in the IT industry. Europe-wide this covers around 300 manufacturers and more than 600 distributors. If a partner drops out as a supplier, Bechtle is always able to offer replacement products at short notice. The Group is not dependent on any single supplier either economically or in terms of its livelihood. However, the products of Hewlett Packard do feature strongly in the product portfolio of Bechtle AG.

The trend on the IT market indicates a high level of competitive pressure amongst manufacturers. The competitive pressure has led to an increase in the expectations placed on their sales partners. Bechtle therefore cultivates partnership-based and professional cooperation with manufacturers, in order to do its best to meet customer and manufacturers' demands.

By continuously improving procurement, throughput and sales processes, Bechtle minimises storage risks and reduces capital tie-up. In doing so, the principle applies of only assigning goods just before delivery to the customer takes place, or hiring distributors as so-called fulfilment partners. By ensuring that the manufacturer or distributor deals with forwarding the ordered article directly to the customer, the company has the possibility to make savings in the field of process costs and warehousing.

In order to prevent delivery bottlenecks in the case of short-term warehousing, the purchasing processes are closely linked to the systems of manufacturers and distributors. This guarantees a high level of availability and facilitates a fast delivery service to the customer. Bechtle also benefits from economic scale effects via the Group-wide volume bundling through centralised purchasing and logistical processes.

Customers

Although at individual companies in the Bechtle Group there is a certain amount of dependence on a few customers, as a whole, the Group has a very broad customer base. Therefore, the Group is not dependent on any single customer for its livelihood. There is no concentration of default risks on single major customers. The high diversity of customers across sectors also disperses the risk of dependency on single sectoral economies. Bechtle counters a potential creditworthiness risk of customers through careful checks prior to entering into business relationships and rigorous management of receivables.

Liability

Bechtle gives a standard contractual warranty for supplied hardware in the service and trading business with reference to general terms and conditions. However, in this context Bechtle only passes on the manufacturers' guarantees. The risk of customers making claims within the scope of the warranty – without having recourse to the manufacturers – is small. In the event that guarantee renewals or extensions have to be granted to customers directly, Bechtle has taken out appropriate insurance and made adequate provisions. A D&O insurance policy exists for liability claims arising from management errors. The scope of the insurance cover is regularly checked, and is adapted where necessary. Financial effects of insurable risks should be thereby excluded or at least limited.

Personnel

Training, motivation and service readiness of staff are regarded as key success factors for the Bechtle Group. Therefore, one of the biggest personnel risks is a loss of know-how due to a disproportionately high fluctuation of qualified personnel, and the lacking qualifications and service orientation of employees. Furthermore, there is a risk in the fast-growing business segments that the need for qualified staff cannot be adequately covered. Bechtle therefore not only aims to attract qualified specialists and managers to the company and successfully integrate them, but rather above all to bind them to the company permanently.

Through the large amount of consolidation in the IT market there is no shortage of well trained sales staff at the moment. However, in the individual competence areas it is more difficult to replace highly qualified IT specialists, which may constitute a risk for the operative course of business in these cases. However, in the industry, Bechtle is perceived to be an attractive and sound employer – which is reflected in the number of qualified and experienced job applicants. In addition to creating a positive working environment, the in-house training and further training, as well as the promotion of junior management staff by means of internal development programmes at the Bechtle Academy are at the core of personnel work.

IT

Basic IT risks arise both from the operation of computer-aided databases and from the use of systems for inventory control, controlling and financial accounting. Thus, a goods availability risk could occur if the functional reliability of IT systems required for a trouble-free ordering process is no longer guaranteed. Possible causes might be a hardware malfunction, operating errors or failures in equipment used for electronic data processing.

The probability and extent of damage caused by viruses and hackers are very difficult to assess. A confidentiality risk may occur due to unauthorised parties penetrating the IT system. To safeguard confidential information in the case of electronic forwarding, Bechtle uses encryption and authentication technologies and firewalls. Despite high protection mechanisms and security standards, there is a risk that internal and confidential information might be used unlawfully.

An integrity risk that might generally occur due to incorrect processing, data loss or defective data storage does not exist at Bechtle, insofar as is identifiable.

The backing up of data is a top priority in the Bechtle Group. The central computer centre in Neckarsulm – which is responsible for ensuring the functional reliability of all IT systems – has therefore developed a strategy of backup measures at different levels, which prevent the outage of the technical IT systems or rather keeps the likelihood of such a failure occurring to a minimum.

Bechtle protects the IT systems using firewalls and strict security regulations, etc. The availability of the IT systems conforms to state-of-the-art technology. Bechtle also protects operation through redundantly engineered data lines. The network connection is installed at all locations via backup lines. To ensure the stability of the e-commerce systems, Bechtle is using several providers with a mutual backup function. All key production systems exist in duplicate and are furnished with a high-availability contract by the manufacturer. The systems are additionally backed up by an interruption-free power supply and an emergency power unit.

FINANCES

Financial Instruments

Currency, interest and liquidity risks are subject to active treasury management on the basis of guidelines that apply Group-wide. In doing so, the specific requirements for the organisational separation of functional areas between processing and control are observed.

Derivative financial instruments serve exclusively to back up operative basic transactions and those financial transactions that are operationally necessary in the form of interest swaps.

The financial-related risk management is shaped by clear allocations of responsibilities, central rules for the basic limitation of financial risks, the conscious alignment of the instruments used with the requirements of business activities, and separate supervision by centrally-controlled treasury management.

Foreign Currency

Currency risks exist especially where receivables, debts, currency and planned transactions exist or will arise in a currency other than the local currency of the parent company. The foreign currency risk is mainly limited to Swiss francs, as a significant proportion of foreign business is conducted in Switzerland. With the exception of Switzerland, procurement is carried out virtually exclusively in the euro countries and therefore in euros. Goods are only purchased in dollars in exceptional cases. In principle, a corresponding currency risk exists in connection with taking out loans in Swiss francs. Indirect hedging occurs in that the payment flows generated in Switzerland in Swiss francs could be used to redeem these loans. Insofar as adequate funds are available, the risk is therefore limited.

Interests

An interest change risk exists for the Bechtle Group in the case of financial assets and debts with terms exceeding one year. The interest risks of the Bechtle Group are analysed centrally; resulting measures are actively controlled by the Group's Finance Department. The actions of the department are subjected to a regular review stipulated by the management. The risks of interest fluctuations in the case of loans charging variable rates of interest are eliminated by interest swaps.

Liquidity

In order to guarantee unlimited solvency, the company must have sufficient liquidity at its disposal at all times. The control and supervision of the liquidity situation is carried out by the Treasury Management as an integral part of the Group's Accounting Department. Given the existing financial position of the Bechtle Group, with a cash inventory and current investments of 54.2 million euros, free credit lines of 41.6 million euros and a positive cash flow from operating activities of 42.0 million euros; the occurrence of a liquidity risk is limited. Bechtle AG also has approved capital of up to 10.6 million euros in order to increase the equity base, if necessary.

The Treasury Department of Bechtle AG ensures the liquidity supply for the Group departments and the subsidiaries in the form of a cash pool. It also controls the interest rate change risk. Responsibility for the evaluation, analysis and monitoring of items subject to market risk lies with the Controlling Department.

Receivables

In general, the loss of receivables may occur if the customer becomes insolvent. The loss of receivables can be countered by detailed monitoring of customer relationships, including continuous creditworthiness checks and pro-active receivables management.

Potential risks in connection with the investment of liquidity-related funds are limited by short-term investments only being made at first-class addresses. Bechtle AG reduces credit risks by carrying out transactions with banks that have a very good credit rating exclusively within the scope of fixed limits. In addition, payment transactions are only processed via banks whose credit rating is beyond doubt.

OTHERS

Acquisitions

The Bechtle Group wants to continue to purposefully strengthen and extend its market position through acquisitions. In principle, an entrepreneurial risk arises with the decision to buy a company and its integration in the Group. It cannot be ruled out that the expectations placed on the company will not be met in full. Bechtle tries to take account of this risk through extensive checks in advance ("due diligence") and through measures that support the acquisition process. The preparation, implementation and control of acquisitions is carried out according to set and differentiated competence rules and approval processes. In addition, the management has years of experience in the integration of companies. It has established the necessary structures for this, and works according to a concept that optimally covers the needs of the Group when integrating newly-acquired companies.

The rapid growth of Bechtle and the new staff joining the company due to the acquisitions also tie up personnel and organisational resources during the integration phase. However, these risks contrast with considerable entrepreneurial opportunities for the Group's further development.

Legal environment

As an internationally active Group, Bechtle has to comply with various national laws. Risks may occur in relation to legal transactions – for instance, when drawing up contracts – which Bechtle counters by calling in legal advisers at an early stage, if necessary.

The company is not involved in any legal disputes at present as a result of which a negative impact might be expected on the Group's result. In the case of all legal disputes connected with the Group's business in future, Bechtle AG would set up reserves for legal disputes insofar as the resulting commitments are likely, and the size of the commitments can be sufficiently determined.

Overall risk assessment

The evaluation of the Group's overall risk situation is the result of the consolidated examination of all key risk complexes or individual risks. In the opinion of Bechtle the risks described are limited and manageable. The company's financial base is sound. The equity ratio of 61,2 per cent is above average and the liquidity situation is comfortable.

A key basic indicator for an overall risk assessment is the evaluation by third parties. In addition to the internal own risk assessment, the creditworthiness or the aggregated default risk of Bechtle is regularly assessed and monitored by banks and credit agencies. Bechtle generally receives a very low default probability rating of 0.09 to 0.30 per cent (in relation to the standard one-year period). This corresponds to the creditworthiness assessment for Bechtle AG available from the credit agencies Bürgel and Creditreform (Bürgel creditworthiness index: 1.1 and Creditreform creditworthiness index: 116, last revised: March 2008). On the basis of these default probabilities, a rating of A- to BBB+ can be derived for Bechtle in the rating scale of Standard & Poor's which is in use worldwide on the financial markets. In the six-tier IFD "Initiative Finanzort Deutschland" (predominantly made up of banks) rating scale, Bechtle can be assigned to the top rating level I (default probability up to 0.3 per cent per year).

Risk and opportunity management

At present, a rating for creditworthiness from the rating agencies Standard&Poor's, Moody's Investors Service, Fitch Ratings and Dominion Bond Rating Service does not yet exist for Bechtle AG.

Bechtle AG is aware of its own opportunity and risk profile for entrepreneurial activities. The measures described – combined with a daily updated evaluation of the course of business on the basis of operative ratios – are instrumental to ensuring that Bechtle is able to exploit the opportunities for further developing the company without losing sight of the accompanying risks.

To sum up, Bechtle AG is not aware of any risks that could jeopardise the company's continued existence. The Executive Board is convinced that it is also able to utilise the challenges and opportunities that arise in future without having to take unacceptably high risks.

// FOLLOW-UP REPORT

Matters of special importance

On 1 January 2008, the amendment to the copyright law came into force. An aspect relating to the IT market is the reorganisation of the system of levies for recording devices, such as DVD burners and storage media such as blank CDs. However, for Bechtle AG as a dealer in such products, the change in the law will not have an impact on the operative business.

Beyond this no matters of special note occurred for the Bechtle Group between the balance sheet date, 31 December, 2007, and the day of the preparation of the management report. There have been no fundamental changes to the economic and business environment in our areas of activity.

Furthermore there are no major internal changes currently planned at Bechtle AG which could have a significant influence on the company's earnings, asset and finance situation.

Situation at time of completion of report

One prerequisite for the planned growth of the Bechtle Group in 2008 is that any slowdown in economic growth in the euro area, particularly in the German domestic market, is limited. Leading economic research institutes conclude that the economic indicators have changed only marginally from the start of the year, despite fears of imminent recession. Even the fall predicted for 2008 in gross capital investment has so far had no significant negative implications on the commercial success of German companies.

The development in the IT market remains positive, which is reflected among other things in the maintained level of investment by commercial customers. The continuing positive mood in the industry was also reflected at our customer events, such as the fourth "Bechtle Competence Center Day". Our in-house show of goods and services on 20 February 2008 saw a record number of participants, including 750 visitors and 44 exhibitors. This impressively underlines the interest of our customers in the IT solution concepts of Bechtle AG.

We successfully maintained the trend of the previous year in the first two months of 2008. Our key performance indicators are above the level of the previous year, and within the scope of our expectations. At the time of the preparation of the 2007 consolidated financial statement, the management of Bechtle AG is predicting that we will also be able to continue our profitable growth course in the 2008 fiscal year.

OVERALL ECONOMY

The European Union is assuming that the economy in the euro area will weaken in 2008 and in the year after. After growth of 2.5 per cent in 2007, GDP is set to grow by 2.2 per cent in the current year and by 2.1 per cent in 2009. The International Monetary Fund (IMF) expects a loss of momentum, forecasting 1.6 per cent growth for the current year.

In the opinion of the leading economic research institutes, economic growth will also slow down in Germany in 2008. Growth expectations for 2008 and 2009 range between 1.5 per cent and 2.0 per cent. The German government has also lowered its forecast, and currently expects 1.7 per cent growth in GDP for 2008, and 1.6 per cent for 2009.

However, a crucial factor in economic trends in 2008 may well be the extent to which the financial market crisis and impending recession in the USA flash over to Europe and Germany. Other risk factors for the overall economy growth include the high price of oil and the strength of the euro in relation to the dollar. Even so, the BDI (Federation of German Industry) expects German exports to grow by 6.0 per cent in 2008. Estimates by the leading economic research institutes in relation to trends in gross capital investment in Germany are mixed. Nonetheless there is fundamental consensus that in 2008 there will be a fall in gross capital investment compared with the 4.9 per cent of the previous year.

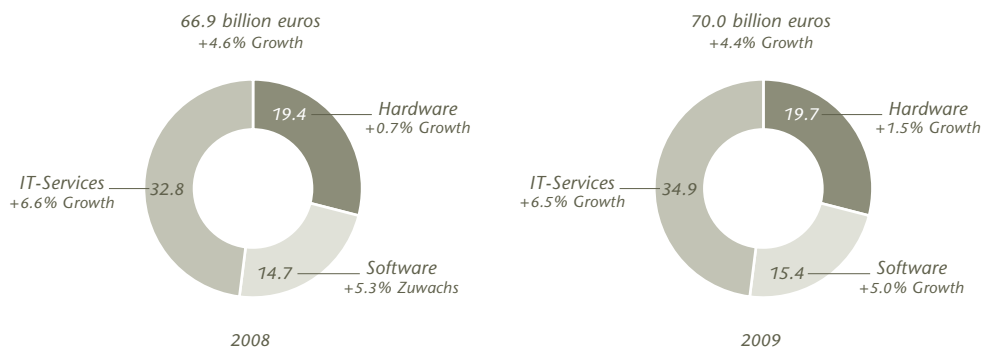
(Sources: European Commission, Federal Statistical Office)

SECTOR

The prospects for the IT service market in Europe are as good as ever. The experts of the IDC expect sustained growth until 2011 with average overall growth across all market segments of four to five per cent. This trend will be driven – as in previous years – particularly by the major segments of IT outsourcing and systems integration.

BITKOM forecasts 4.6 per cent growth for the German IT market for 2008. IT services at 6.6 per cent and software at 5.3 per cent will be the main pillars of this growth. Investment in hardware, on the other hand, is set to grow by only 0.7 per cent. The industry association expects overall growth of 4.4 per cent for 2009.

Growth of the German IT market



Source: BITKOM, 3 March 2008

The mood in the IT industry was positive at the start of the year. 78 per cent of companies expect higher sales according to BITKOM. The IT market in the public sector is set to expand by the greatest extent. However, manufacturing industry and the banking and insurance sectors will remain the most important markets for IT service providers.

Along with these overall economic trends, strategic positioning is crucial for growth at the level of the individual company against the backdrop of structural changes to the market. These include the continuing consolidation of the competitive environment as well as the trend towards IT outsourcing. Cost and quality considerations by IT users are resulting in the increasingly frequent transfer of IT tasks to external providers, and hence the generation of qualitative growth in this industry segment.

Sources: EITO, BITKOM, IDC, A.T. Kearney)

PRODUCTS AND SALES MARKETS

The consolidation process in the European and German IT markets will also continue during the coming years. Competition will intensify still further as a consequence. This intensification of the competitive situation will be compensated for in part by the market-related developments already mentioned, such as an increased readiness for outsourcing in IT or higher growth rates in certain market sectors (e.g. public sector customers). The Bechtel Group will continue to exploit these opportunities in the future.

In order to reinforce its own market position and to accommodate the increasing requirements of its customers, the company is working more intensely on developing higher quality services in the area of Managed Services. In addition, the expansion of the public sector and of the software licence business will assume special importance in the corporate development of Bechtel AG in the current year.

Outlook

Further expansion in the range of customer-oriented IT solutions for SMEs will be of vital importance in the IT system house segment in 2008. New service and consultancy concepts, as well as individual project solutions at the client's premises, will contribute to the optimisation of the IT infrastructure and thus open up attractive markets for Bechtle AG. The distribution strategy for the system houses is to be underpinned by defining themes, ranging from security, through servers and storage to a mobile office communication solution.

If this should throw up any interesting opportunities for the Group, Bechtle will also expand its range of products and services as well as its market presence by means of acquisitions.

The existing close cooperation with external partners, such as suppliers and manufacturers, is to be intensified in the areas of procurement and logistics. Bechtle endeavours to constantly showcase a large number of new products in its own webshop. We work on the assumption that the pace of innovation in the IT industry will be maintained in future. The number of product innovations introduced at *Bechtle direct* every week is already between 250 and 300. Moreover, an average of 40 per cent of the prices in our product range change every day. This means that keeping prices and availability right up to date is a critical factor in our success.

The Bechtle Group is striving for market leadership in the IT e-commerce segment in Europe. *Bechtle direct* plans to establish subsidiaries in Ireland and Portugal in support of this objective. Under our programme to extend the presence of the *ARP* brand, those markets that were hitherto covered by the company under the *Bechtle direct* brand are to be opened up for *ARP* in the next few years.

KEY PERFORMANCE INDICATORS

Revenue

In the years 2008 and 2009 Bechtle plans to grow sales profitably in the IT e-commerce segment, specifically by means of a continuing expansion in Europe and in the IT system house segment with a broader and above all higher quality range of services. Group management once again expects to do better than the market in the financial year 2008. Consequently revenues are scheduled to increase by at least 10 per cent in 2008. In the current year Bechtle is aiming to generate sales of at least 1.5 billion euros. This would represent another important step on the way to achieving our medium-term sales target of 2 billion euros.

The IT system house segment is expecting rather subdued growth for 2008, with revenue around 900 million euros. Growth in the IT e-commerce segment is set to be stronger. Revenue of around 600 million euros are expected in this segment for 2008. In the perception and interpretation of these trends, allowance should be made for structural displacements between the segments. Thus from the Group perspective it remains a declared goal to increasingly transfer standardised hardware procurement processes from the IT system house to the IT e-commerce segment where these processes can be reproduced more economically.

Under "Vision 2020" we are aiming for the Bechtle Group for sales volumes of five billion euros.

In the context of the planned continuous growth in revenue in the following years, the regional distribution of revenues will shift further towards foreign sales as a result of the advancing internationalisation of the business and the increasing number of IT e-commerce companies. In this regard Switzerland will still account for an above-average proportion of Group sales. Both the IT system house segment and the IT e-commerce segment will contribute overall to sales growth in the Bechtle Group. However, the growth in IT e-commerce could well exceed those in the IT system house sector. In the medium-term the expectation is that both segments will make an equal contribution to total revenues.

Costs

For Bechtle AG as a “trading service provider”, personnel costs are of crucial significance in the context of the management of the business. They represent the largest cost element within the distribution and administrative costs, corresponding to around 70 per cent of costs. In distribution, particularly in IT e-commerce, there is a high correlation between expenditure and revenue growth. For this reason the management assumes that in 2008 the distribution costs will again correspond to around 6 per cent of revenue. The administration cost ratio will rise slightly in the period in question, and will probably be above 5 per cent (previous year: 4.9 per cent). The increase in this ratio is directly associated with the necessary structural changes in the management structure of Bechtle AG.

Earnings

Bechtle AG will continue measures initiated in recent years to improve efficiency. Against this background and in conjunction with the advanced integration of the companies recently acquired, plus a range of services that will deliver higher profit margins in future, the management of Bechtle AG considers the maintenance of the EBT margin at a very high level for the sector to be realistic. In economic terms the previous fiscal year was outstanding for Bechtle AG. In 2008 the structures created, which are required to realise the Vision 2020 and for the future viability of the company, must be filled out by qualified management. Apart from the general economic development, the amount and timing of this necessary investment will have a decisive influence on the earnings of the current fiscal year. Nevertheless, the Executive Board has set a target for earnings before taxes of approximately 60 million euros for the current fiscal year, which when compared with the earnings in the reporting period adjusted for the positive special effects amounting to 2.6 million euros, is undoubtedly ambitious.

Against this background Bechtle AG plans to continue to let its shareholders share in the success of the company by way of an attractive dividend policy. No fundamental changes to the dividend policy are planned at present.

FINANCIAL AND ASSETS SITUATION

Liquidity

The Bechtle Group has a solid balance sheet structure and has adequate financial means to grow organically and to respond flexibly to various market contingencies. As of the balance sheet date 31 December 2007, along with cash and cash equivalents of 52.3 million euros and short-term realisable securities in current assets amounting to 1.9 million euros, another 41.6 million euros in unused lines of credit were available for short-term financing purposes. The credit facilities available to the company are thus still far from exhausted and the debt potential is much broader than these figures. In conjunction with a continuing growth in the operating cash flow, Bechtle has adequate scope to achieve the set targets and to continue to finance future growth.

Finance

Assuming stable general conditions, the company expects to continue to improve its financial result, as a positive balance between interest earnings and interest payments. The long-term financial liabilities will have been settled with scheduled repayments by 2009. It will be possible to finance minor acquisitions from current cash flow and existing liquidity. The possible take-over of larger companies would probably lead to a significant outflow of cash and cash equivalents, and if necessary could be largely financed by external capital. This in turn could have an influence on the financial structure of Bechtle AG, with a resulting negative financial balance. Measured against the revenue target of two billion euros, the required investments should not lead to a significant change in the present financial structure. Furthermore, Bechtle could fall back on the equity financing options under the resolutions passed at the Annual General Meeting.

Outlook

The Executive Board is authorised to increase the share capital by issuing up to 10.6 million shares against cash or non-cash contributions.

Provided that no major takeovers are initiated in the current financial year, the balance sheet structure will not change significantly. On this assumption, the management expects that as previously it will be possible to continue to achieve an ROCE of around 20 per cent.

Capital investments

Concentrating on IT products and IT services, Bechtle's business is not capital plant intensive. The scheduled capital investments and those in intangible assets (software) will remain at about the same level as the anticipated depreciation and amortisation. The focus will on the one hand be on replacement investment for office equipment in the distribution and service companies, and on the other hand on expansion investment for new buildings facilities and extended capacity. Thus investment in optimised logistics and room-usage concepts at the headquarters of Bechtle AG in Neckarsulm as well as at other locations within the group will be continued. Without taking into account any possible acquisitions, the level of scheduled investment in 2008 in property, plant and equipment and intangible assets is not likely to change significantly in comparison with previous years. Plans for the current year essentially include normal replacement investment, for which a sum of around 11 million euros is to be provided. The scheduled investments can be financed with Group funds thanks to our solid financial basis. Moreover, contingent investments are principally possible in acquisitions.

On the assumption of a continuing positive economic situation, the Executive Board of Bechtle AG expects that it will be possible to maintain the positive trends in business and profitability of recent years in 2008. With the restructuring and cost-cutting programmes that started in 2006, the management has created the conditions necessary to ensure that it will still be possible to achieve profit-oriented growth in future. Acquisition will remain an integral part of the growth strategy in all business areas. In the IT e-commerce sector, however, the Executive Board is relying primarily on organic growth, whereas in the IT system house segment, selected acquisitions may reinforce the regional deployment and the competence profile of Bechtle AG. In the short to medium-term, notwithstanding the planned establishment of new subsidiaries in the IT e-commerce segment, no fundamental changes in the corporate structure are to be expected.

At Bechtle, assuring the company's long-term future comes before short-term revenue maximisation. Following the exceptional 2007 business year, in 2008 it is above all the necessary personnel investments in new structures which must be completed in order to create a solid foundation for profitable growth in the coming years. The amount and timing of this investment will have a major influence on consolidated earnings in the current year.

Nonetheless, in the current fiscal year Bechtle is aiming for group revenue of at least 1.5 billion euros and pre-tax profits of approx. 60 million euros. The opportunities from entry to new international markets, the growing contribution of the Managed Services sector and the broader presence in the public sector will provide the commercial basis for this.

The number of employees within the Group, primarily in distribution, will taking into account some minor acquisitions continue to rise in 2008 and will probably reach 5,000 by 2010. We will continue to attach a great deal of importance to training and in-service education. With an extended range of training courses and qualifications offered by the Bechtle Academy, we intend to recruit more of our technical specialists and managers from within our own ranks in future.

// CONSOLIDATED FINANCIAL STATEMENTS

as of 31 December 2007

Consolidated Income Statement	93
Consolidated Balance Sheet	94
Consolidated Cash Flow Statement	96
Statement of recognised Income and Expense	97

// CONSOLIDATED INCOME STATEMENT

from 1 January to 31 December 2007 (2006)

in th. Euros

	Notes	2007	2006
Revenue	(20)	1,383,453	1,220,138
Cost of sales	(21)	1,188,121	1,046,557
Gross profit		195,332	173,581
Distribution cost	(21)	81,355	73,739
Administrative cost	(21)	67,236	62,732
Other operating income	(22)	11,512	8,620
Operating profit		58,253	45,730
Interest income		1,263	962
Interest cost		510	833
Earnings before taxes		59,006	45,859
Income taxes	(23)	18,047	16,251
Earnings after taxes		40,959	29,608
of which minority interests		62	45
of which shareholders of Bechtle AG		40,897	29,563
Net earnings per share (basic and diluted) in Euro	(24)	1.9291	1.3945
Weighted average shares outstanding (basic and diluted) in thousand		21,200	21,200

The prior year figures have been adjusted, cf. Notes, section II, "Restatement of prior year values".

// CONSOLIDATED BALANCE SHEET

as of 31 December 2007 (31 December 2006)

in th. Euros

ASSETS	Notes	31.12.2007	31.12.2006
NON-CURRENT ASSETS			
Goodwill	(1)	99,909	97,663
Other intangible assets	(2)	19,214	19,573
Property, plant and equipment	(3)	19,563	18,784
Investment property		203	173
Other non-current assets	(4)	2,210	1,893
Deferred taxes	(5)	4,461	4,919
Total non-current assets		145,560	143,005
CURRENT ASSETS			
Inventories	(6)	46,817	39,006
Trade receivables	(7)	189,312	181,086
Securities	(8)	1,929	2,642
Tax receivables		2,110	1,494
Other current assets	(9)	13,395	14,236
Cash and cash equivalents	(10)	52,300	36,710
Total current assets		305,863	275,174
Non-current assets held for sale	(11)	0	2,579
Total assets		451,423	420,758

The prior year figures have been adjusted, cf. Notes, section II, "Restatement of prior year values".

in th. Euros

EQUITY AND LIABILITIES	Notes	31.12.2007	31.12.2006
EQUITY			
Issued capital		21,200	21,200
Capital reserve		143,454	143,454
Revenue reserves		111,457	84,271
Equity before minority interest		276,111	248,925
Minority interest on equity		354	289
Total equity	(12)	276,465	249,214
NON-CURRENT LIABILITIES			
Pension provisions	(13)	5,775	5,384
Other provisions	(14)	227	212
Financial liabilities	(15)	3,709	9,050
Other non-current liabilities	(16)	176	643
Deferred income	(16)	3,769	2,667
Deferred taxes	(5)	10,102	10,149
Total non-current liabilities		23,758	28,105
CURRENT LIABILITIES			
Other provisions	(14)	6,052	6,116
Financial liabilities	(15)	6,049	5,416
Prepayments received		4,439	4,453
Trade payables		88,274	84,850
Tax payables		6,055	4,100
Other current liabilities	(17)	35,301	31,784
Deferred income	(18)	5,030	6,720
Total current liabilities		151,200	143,439
Total equity and liabilities		451,423	420,758

// CONSOLIDATED CASH FLOW STATEMENT

from 1 January to 31 December 2007 (2006)

in th. Euros

	Notes	2007	2006
CASH FLOW FROM OPERATING ACTIVITIES			
Earnings before taxes		59,006	45,859
Adjustment for non-cash income/expenses			
Interest income		-753	-129
Depreciation and amortisation in intangible assets and property, plant and equipment as well as in investment property		13,501	14,456
Gains (-)/Losses (+) on disposals of intangible assets and property, plant and equipment		-132	36
Gain from sale of non-current assets held for sale		-1,936	0
Other non-cash income/expenses		55	-2,124
Changes in working capital			
Changes inventories		-6,125	2,914
Changes trade receivables		-5,130	-10,986
Changes trade payables and prepayments received		-618	-11,365
Changes other working capital		1,069	2,681
Cash flow from ordinary operations		58,937	41,342
Income taxes paid		-16,944	-14,476
Net cash from operating activities	(26)	41,993	26,866
CASH FLOW FROM INVESTING ACTIVITIES			
Cash paid for the acquisition of consolidated entities less cash acquired		-7,721	-11,303
Cash paid for investments in intangible assets and property, plant and equipment		-10,285	-10,849
Cash received from sale of intangible assets and property, plant and equipment		1,844	950
Cash paid for investments in securities and non-current assets		-8	-189
Cash received from sale of securities and non-current assets		747	1,229
Cash received from sale of non-current assets held for sale		4,680	0
Interest payments received		1,243	819
Net cash used in investing activities	(27)	-9,500	-19,343
CASH FLOW FROM FINANCING ACTIVITIES			
Cash received from finance liabilities		682	25
Cash paid for finance liabilities		-5,745	-6,865
Dividends paid		-10,600	-10,600
Interest paid		-482	-888
Net cash used for financing activities	(28)	-16,145	-18,328
Net foreign exchange difference in cash and cash equivalents		-758	-663
Changes in cash and cash equivalents		15,590	-11,468
Cash and cash equivalents at the beginning of the period		36,710	48,178
Cash and cash equivalents at the end of the period		52,300	36,710

The prior year figures have been adjusted, cf. Notes, section II, "Restatement of prior year values"

// STATEMENT OF RECOGNISED INCOME AND EXPENSE

from 1 January to 31 December 2007 (2006)

in th. Euros

	2007	2006
Actuarial profit and loss in pension provisions	-823	-4,725
Deferred taxes	166	925
Unrealised profit and loss on financial derivatives	-106	0
Deferred taxes	27	0
Unrealised profit and loss on financial derivatives	-58	228
Deferred taxes	32	-82
Changes in difference from foreign currency translation	-2,349	-2,230
Income and expense recognised directly in equity	-3,111	-5,884
Earnings after taxes	40,959	29,608
Total recognised income and expense after taxes	37,848	23,724
Of which minority interests	62	45
Of which shareholders of Bechtle AG	37,786	23,679

A further explanation of equity is available in the Notes, section III, no. 12.

The prior year figures have been adjusted, cf. Notes, section II, "Restatement of prior year values"

// CONSOLIDATED FINANCIAL STATEMENTS

as of 31 Dezember 2007

Notes

I. General statements	99
II. Summary of key accounting policies and consolidation principles	99
III. Further explanatory notes on the balance sheet	110
IV. Explanatory notes on the income statement	132
V. Further explanatory notes on the cash flow statement	135
VI. Segment reporting	136
VII. Other financial obligations and contingent liabilities	138
VIII. Acquisitions and purchase price allocations	140
IX. Details on risk management of financial instruments	147
X. Employees	150
XI. Auditor's fee	151
XII. Affiliated parties	151
XIII. Events following the end of the year under review	153

I. GENERAL STATEMENTS

Bechtle AG, Bechtle Platz 1, 74172 Neckarsulm, is a Joint Stock Corporation under German law and, with its subsidiaries in Germany and Switzerland, operates in the system house segment, as well as in the IT wholesale market in nine European countries.

Bechtle has been a publicly quoted company in the Prime Standard since 2000 and has been listed in the TecDAX technology index since 2004. The company's shares are traded on all German stock exchanges.

The consolidated financial statements of Bechtle AG for the 2007 fiscal year were released for publication by the Executive Board on 10 March 2008 (IAS 10.17).

Bechtle AG has published a declaration on the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act. An up-to-date version of the declaration is published on the company website.

II. SUMMARY OF KEY ACCOUNTING POLICIES AND CONSOLIDATION PRINCIPLES

Bases for accounting

As a listed company, the parent company, Bechtle AG, is obliged under article 315a of the German Commercial Code (HGB) to prepare its consolidated financial statements on the basis of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and adopted by the EU. All the International Financial Reporting Standards that applied mandatorily for the 2007 fiscal year have been adopted. Furthermore, the statements required under §§ 315a (1) of the German Commercial Code (HGB) have been reported in the notes.

The consolidated financial statements were prepared on the basis of historical cost. Some exceptions were securities and derivative financial instruments which were measured at fair value. The income statement was prepared in accordance with the function of expense method. The consolidated financial statements have been prepared in euros and rounded up to the nearest thousand. Differing disclosures are explicitly specified.

Consolidation principles

The consolidated financial statements are based on the financial statements of Bechtle AG and of consolidated subsidiaries prepared in accordance with standardised group accounting policies. Capital consolidation occurs by offsetting the investment carrying amounts against the proportionate newly measured equity of subsidiaries on the acquisition date. Positive differences are recognised as goodwill in accordance with IFRS 3.51. Negative differences are recognised as expense in the income statement in accordance with IFRS 3.56 (b). The consolidated income statement takes account of the earnings of the acquired companies from the acquisition date, i.e. from the date on which the group assumes control. Inclusion in the consolidated financial statements ends as soon as the parent company relinquishes control.

Internal group profits and losses, sales, expense and income as well as receivables and liabilities have been eliminated. The required tax accruals and deferrals have been applied to consolidation procedures.

Restatement of prior year values

The consolidated balance sheet values of 31 December 2006 have been restated accordingly as per IFRS 3.62, following the final purchase price allocation of SOS Developers SAS, Valbonne, France in the fiscal year, which was acquired in December 2006.

The revision of deferred tax accruals and foreign currency translations recognised directly in equity resulted in corrections being made in some special circumstances in the reporting period. A retrospective restatement (IAS 8) was made in the interests of improved comparability in which the prior year values were corrected accordingly.

For an improved presentation of the financial position, items from provisions were reclassified to liabilities in the reporting period in compliance with IAS 8.14 (b). For the sake of comparability, the prior year's disclosure was also corrected accordingly.

The restatements of the prior year's figures are shown in the overview below.

in th. euros

	31.12.2006 published	Initial con- solidation of SOS	Restatement of deferred taxes	Foreign currency translations	Reclassifi- cation of liabilities	31.12.2006 restated
NON-CURRENT ASSETS						
Goodwill	97,412	-776	1,164	-137		97,663
Other intangible assets	18,681	1,100		-208		19,573
Deferred taxes	5,386	24	-491			4,919
Assets, in total	420,082	348	673	-345	0	420,758
EQUITY						
Revenue reserves	87,090		-2,474	-345		84,271
of which:						
Accumulated earnings recognised directly in equity	-6,210			-345		-6,555
Earnings before taxes	45,859					45,859
Tax expense	-15,134		-1,117			-16,251
Earnings after taxes	30,725		-1,117			29,608
Equity, in total	252,033		-2,474	-345		249,214
NON-CURRENT LIABILITIES						
Deferred taxes	6,662	340	3,147			10,149
CURRENT LIABILITIES						
Other provisions	7,749				-1,633	6,116
Trade payables	84,472				378	84,850
Other current liabilities	30,521	8			1,255	31,784
Liabilities, in total	420,082	348	673	-345	0	420,758

The diluted and basic earnings per share fell by 0.0527 euros in 2006 from 1.4472 euros to 1.3945 euros due to the restatements.

The subdivision of items in the cash flow statement has been extended in part to raise transparency. Figures for the previous year have been adjusted accordingly.

New accounting standards

Effects of new or amended accounting standards

Bechtle has applied the following new or amended standards and interpretations for the first time:

- Amendment to IAS 1 “Presentation of financial statements”: The additional disclosure requirements regarding capital management have been taken into account in the financial statements. This did not result in any significant changes in the presentation of the financial statements.
- IFRS 7 “Financial instruments: Disclosures”: IFRS 7 contains all disclosure requirements for financial instruments. The standard requires disclosures on the significance of financial instruments to financial position and income situation. Furthermore, information on the nature and extent of risks arising from financial instruments and to which the company is exposed, as well as how these risks are to be handled should be disclosed. The application of the standard for the first time has resulted in numerous additional disclosures in the notes and management report.
- IFRIC 7 “Application of the Restatement Approach” under IAS 29 “Financial reporting in hyperinflationary economies”: There were no effects on the presentation of financial position or income situation as a result of the standard being applied for the first time.
- IFRIC 8 “Scope of IFRS 2”: This interpretation was to be mandatorily applied for the first time for fiscal years beginning on or after 1 May 2006. It had no effect on the financial statements.
- IFRIC 9 “Reassessment of Embedded Derivates”: This interpretation was to be mandatorily applied for the first time for fiscal years beginning on or after 1 June 2006 and had no effect on the financial statements.
- IFRIC 10 “Interim Financial Reporting and Impairment”: This interpretation was to be mandatorily applied for the first time for fiscal years beginning on or after 1 November 2006. It had no effect on the financial statements.

New or amended accounting standards not applied

The following standards and interpretations, which Bechtle does not apply prematurely for the 2007 fiscal year, were published by IASB and IFRIC by the balance sheet date and have been approved in part by the EU Commission (“endorsement”):

- IFRS 8 “Operational Segments” (endorsement carried out): This standard is mandatorily to be applied for the first time for fiscal years beginning on or after 1 January 2009. The Group has opted not to apply this standard in advance and continues to use IAS 14 “Segment reporting”. The new standard will affect the way financial information about the Group divisions will be published, but will not, however, affect the assessment and evaluation of assets and liabilities in the consolidated financial statements.
- IFRS 2 “Share-based Payment” and IFRIC 11 (endorsement carried out) “Group and Treasury Share Transactions”: The amended standard is mandatorily to be applied for the first time for fiscal years beginning on or after 1 January 2009. The interpretation is mandatorily to be applied for the first time for fiscal years beginning on or after 1 March 2007. Its application for the first time is not expected to have any effect on the presentation of financial position or income situation, since the Bechtle Group has not granted any share-based payments within the meaning of IFRS 2.
- IFRS 3 “Business combinations”: This amended standard is to be applied for the first time for fiscal years beginning on or after 1 July 2009. Since it is probable that the Group will continue to apply the purchased goodwill method for future business combinations, the new standard will have no effect.

- IAS 1 “Presentation of financial statements”: This revised standard is to be applied for the first time for fiscal years beginning on or after 1 January 2009. The new standard will affect the way financial information about the Group divisions will be published, but will not, however, affect the recognition and valuation of assets and liabilities in the consolidated financial statements.
- IAS 23 “Borrowing Costs”: The revised standard was published in March 2007 and is to be applied for the first time for fiscal years beginning on or after 1 January 2009. Due to the marginal significance of qualifying assets for the company, the application of the standard for the first time is not expected to have any significant effect on the presentation of financial position or income situation.
- IAS 27 “Consolidated and Separate Financial Statements pursuant to IFRS”: This amended standard is to be applied for the first time for fiscal years beginning on or after 1 July 2009. Since in the fiscal year when the standard is to be applied for the first time, neither the specified transactions nor a negative minority interest balance is anticipated in the Group, the application of this standard is not expected to have any effect on the presentation of financial position or income situation.
- Amendments to IAS 32 “Financial Instruments: Presentation”: The amendment to IAS 32 is to be applied for the first time for fiscal years beginning on or after 1 January 2009. Due to the parent company’s legal form and the relevant stipulations in legislation and company law, the new regulation will not have any influence on the classification, valuation and disclosure of partners’ investments in the consolidated financial statements.
- IFRIC 12 “Service Concessions Arrangements”: This interpretation is mandatorily to be applied for the first time for fiscal years beginning on or after 1 January 2008. Since the companies included in the consolidated financial statements are not service concession operators within the meaning of IFRIC 12, the application of this standard for the first time is not expected to have any effect on the presentation of financial position or income situation.
- IFRIC 13 “Customer Loyalty Programmes”: This interpretation is mandatorily to be applied for the first time for fiscal years beginning on or after 1 July 2008. IFRIC 13 refers to the balance sheet demarcation of expenditures and the recognition of income from customer loyalty programmes. The Bechtle Group is currently looking into how its being applied for the first time will affect the presentation of financial position and income situation.
- IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”: This interpretation is mandatorily to be applied for the first time for fiscal years beginning on or after 1 January 2008. IFRIC 14 supplements the existing regulations under IAS 19 to include “asset ceilings”. In addition, it provides concrete rules for balancing statutory minimum endowment rules in plan assets. The Bechtle Group is currently looking into how its being applied for the first time will affect the presentation of financial position and income situation.

Scope of consolidation

Bechtle AG, Neckarsulm, and all its majority owned and controlled subsidiaries are included in the consolidated financial statements. Directly or indirectly, Bechtle AG owns all the shares in all the consolidated companies. Exceptions are PSB AG für Programmierung und Systemberatung, Neckarsulm, and its subsidiaries, of which Bechtle AG directly or indirectly owns 98.3 per cent, as well as Buyitdirect.com N.V. Hoofddorp, Netherlands, and its subsidiary, of which Bechtle AG owns 99.8 per cent.

The companies below have been included in the consolidated financial statements for the first time in the reporting period.

COMPANY	Headquarters	Date first included in consolidated financial statements	Acquisition/Founding
ITZ Informationstechnologie GmbH	Essen	01.01.2007	Acquisition
ARP France SAS	Paris, France	27.02.2007	Founding
Buyitdirect.com N.V.*	Hoofddorp, Netherlands	01.04.2007	Acquisition
Coma Services AG	Bremgarten, Canton Aargau, Switzerland	01.04.2007	Acquisition
Bechtle Remote Services GmbH & Co. KG	Neckarsulm	01.07.2007	Founding
Bechtle Field Services GmbH & Co. KG**	Neckarsulm	01.11.2007	Founding

* with subsidiary
** with fully liable partner

A breakdown showing the full details of the shareholding is published together with Bechtle AG's financial statements in the electronic German Federal Gazette. There is a list of significant Group companies in Annex A to these notes.

Foreign currency translation

Bechtle's subsidiaries keep their accounts in the local currency. Exchange gains and losses arising from exchange rate fluctuations during foreign currency transactions are recognised in profit or loss. Altogether 202 th. euros (2006: 408 th. euros) have been recognised in net income in the reporting period.

Assets and liabilities are translated into the functional currency, the Euro, at the mean closing rate in accordance with IAS 21. The revenue and expense accounts have been translated at the average rate of the reporting period. Equity is calculated on the basis of historical rates. Resulting exchange differences are shown in a separate item under equity.

The exchange rates of important currencies against the Euro changed as follows:

	Currency	Closing rate		Average rate	
		2006	2007	2006	2007
Switzerland	CHF	1.61	1.66	1.57	1.64
Great Britain	GBP	0.67	0.73	0.68	0.68

Accounting policies

Goodwill

Goodwill from a business combination is recognised on first recognition at cost of purchase which is presented as the surplus of the purchase costs of the business combination over the share of

the net fair value of identifiable assets, liabilities and contingent liabilities recognised by the purchaser in accordance with IFRS 3. The goodwill identified for a business combination constitutes a payment which has been made in the expectation of future economic benefit from assets which cannot be identified individually or recognised separately.

IFRS 3 stipulates that goodwill must not be amortised. Instead it is to be tested for impairment at least once a year in accordance with IAS 36.

Other intangible assets

Intangible assets include acquired customer bases, brands and customer service contracts as well as acquired and internally generated software.

Customer bases

Customer bases are measured at cost of purchase. Customer bases acquired in the context of company acquisitions are measured at the value which corresponds to the benefits resulting from the customer bases. Customer bases are depreciated on a straight-line basis over a period which depends on the expected benefits for the company. Generally, long-term customer relationships are anticipated. The expected useful life is between five and ten years.

Brands

Brand rights acquired in the context of company acquisitions are measured at the value which corresponds to the benefits resulting from the brand rights. An unlimited useful life is to be expected, since an analysis of all relevant factors suggests that there is no foreseeable limit to the period during which it is probable that these brand rights will generate net cash flows for the Bechtle Group. As a consequence, according to IAS 38, brand rights must not be depreciated but are to be checked at least once a year for impairment in accordance with IAS 36.

Customer service contracts

Customer service contracts are measured at cost of purchase. Customer service contracts acquired in the context of company acquisitions are measured at the value which corresponds to the benefits resulting from the customer service contracts. Customer service contracts are depreciated over their respective residual term in proportion to the benefits resulting from them.

Acquired software

Acquired software is measured at cost of purchase and depreciated on a straight-line basis over a useful life of between three and eight years.

Internally generated software

In accordance with IAS 38, internally generated software and other product development costs are to be recognised. Internally generated software can be designated for sale to third parties or used by the company itself.

In both cases, the costs of newly developed software are recognised under the requirements of IAS 38, provided both the technical feasibility and the marketing of the newly developed products are guaranteed and the Group benefits economically as a result. Recognition in the Bechtle Group occurs at strictly defined conversion costs which include all directly attributable direct costs as well as reasonable mark-ups for indirect costs and depreciation. The costs which accrue in the period prior to technical feasibility are to be recognised immediately as expense under research costs. Depreciation of these capitalised costs on a straight-line basis occurs from the date an economic benefit is derived from the asset over a useful life of three to five years. Depreciation is included under sales, distribution and administrative costs accordingly once it is accruing.

Property, plant and equipment

Property, plant and equipment are reported at cost of purchase minus accumulated depreciation. The assets of property, plant and equipment are depreciated by the budgeted amounts on the basis of economic life within the limits of probable useful life.

Useful life is:

Office equipment:	3 – 5 years
Tools and equipment:	5 – 10 years
Vehicle fleet:	3 – 6 years
Buildings:	25 – 50 years

Low-value assets of property, plant and equipment with a purchase cost under 410 euros are fully depreciated, as in German accounting practice, in the year of addition and reported as a disposal. Depreciation for low-value assets runs into a total of 703 th. euros (2006: 491 th. euros).

Non-current assets held for sale

In accordance with IFRS 5, assets held for sale are classified as such if the corresponding carrying amount is realised mainly through a sale and not through continued use. In accordance with IFRS 5.15, non-current assets are measured at the lower value of carrying amount and fair value minus costs to sell. These assets are no longer depreciated by budgeted amounts. Assets and liabilities designated for sale are reported separately in the consolidated balance sheet.

Impairment of assets

In accordance with IAS 36, property, plant and equipment and certain intangible assets are tested for impairment if events or changes arise which suggest an impairment. The impairment of assets which are designated for retention by the company is calculated by comparing the carrying amount of the asset with the estimated future inflows of funds generated by the asset (value in use). The depreciation requirements correspond to the amount by which the carrying amount of the asset exceeds its fair value. Assets which are no longer designated to serve the operation are measured at carrying amount or fair value minus costs to sell.

Maintenance costs are recognised as expense at the time they are accrued.

For goodwill as well as other intangible assets with an unlimited useful life, an impairment test is carried out at least once a year. In the Bechtle Group, the value in use as derived using the discounted cashflow method is generally used to test for impairment. The basis for this is the current planning for the next three years prepared by the management. The planning premises are adjusted to the current state of knowledge respectively. Reasonable assumptions on macro-economic trends and historical developments are taken into account. The expected growth rates of the relevant markets are usually taken as a basis for the calculation of cash flows.

For the purposes of the impairment test on goodwill, these must be allocated to their corresponding cash generating units. In the Bechtle Group, there are two cash generating units which are identical to both the segments "IT system house" and "IT e-commerce" from segment reporting.

Leasing

For operating leases, leasing rates or rental payments are recognised directly as expense in the income statement.

For finance lease contracts, the beneficial ownership is attributed to the lessee in all cases where the latter essentially bears all risks and rewards incidental to ownership (IAS 17).

Financial instruments

Financial instruments are contracts which result at one and the same time in a financial asset for one company and a financial liability for another. This includes both primary financial instruments (e.g. trade receivables or payables) and derivative financial instruments (transactions to hedge against the risks of changes in value).

IAS 39 differentiates between the following categories of financial instruments:

- Assets which are classified as held for trading recognised as expense at fair value
- Held-to-maturity investments
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at amortised costs
- Financial assets and liabilities at fair value through profit or loss

Unless otherwise specified, financial instruments are recognised at fair value. The fair value of a primary financial instrument is generally the price obtainable on the market, i.e. the price at which the financial instrument can be traded freely between independent parties within a transaction. Loans and receivables are recognised at amortised costs.

Securities are generally treated as available for sale and measured at fair value. Changes to the fair value are adjusted directly in equity and only recognised as expense in the event of sale or impairment. The fair value is determined on the basis of market value.

Derivative financial instruments are generally used at Bechtle only for hedging purposes. The company makes use of interest swaps in order to mitigate the interest change risk to financial liabilities resulting from future interest rate fluctuations. Forward exchange transactions are used in individual cases in order to safeguard receivables and liabilities from commercial transactions in foreign currencies against the risk of exchange rate fluctuations.

In accordance with IAS 39, all derivative financial instruments in the Bechtle Group are recognised at fair value as per the accounting policy on the settlement date. Fair values are calculated with the help of standardized mathematical models (mark-to-market method) or quoted prices. Gains and losses from changes in the market values of derivative financial instruments which are not recognised within the framework of hedge accounting, as well as the change in the value of the item, are immediately taken into account in the income statement at their market value. Changes in the market value of financial derivatives, where they affect the effective part, are recognised directly in equity in the company's interest swaps to be classified as a cash flow hedge taking account of the accruing deferred taxes. The market value of interest swaps is determined by discounting the expected future payment flows over the residual term of the contract on the basis of the current market rate of interest and yield curve. Ineffective changes in market values are recognised as expense in the income statement.

Forward exchange transactions to safeguard receivables or payables (= basic transactions) in a foreign currency are recognised as a fair value hedge. A fair value hedge hedges the fair value of balanced assets and liabilities. The fair value to be added for currency forwards is determined by the market value. Any changes to the fair value of the forward currency transaction and a change in market value of the underlying transaction based on the hedged risk will be simultaneously recognised at fair value through profit or loss.

Bechtle AG has so far not made use of the option to designate financial assets at their first recognition as financial assets to be valued as affecting the balance sheet in relation to the fair value. The Group has thus far opted not to make use of the option of designating financial liabilities at their first valuation as financial liabilities to be valued as affecting the balance sheet in relation to their fair value.

Receivables and other assets

Receivables and other assets are measured at amortised costs taking account of appropriate reductions for all identifiable individual risks. The general credit risk, where demonstrable, is also taken into consideration in the appropriate valuation allowances. Impairments to trade receivables are recognised in part using value adjustment accounts. The decision as to whether a credit risk is taken into consideration through a value adjustment account or through a direct impairment of the receivable depends on how reliable the assessment of the risk situation is. It is incumbent on the individual persons responsible for the portfolio to carry out this assessment.

Liabilities

Liabilities are reported under equity and liabilities at amortised costs.

Inventories

Merchandise is measured at average cost of purchase in accordance with IAS 2. Interest on borrowing is not recognised. Where necessary, reductions have been made to the lower net realisable value. These reductions also take account of all other going concern risks as well as loss-free valuation. Provided the reasons which led to a write-down of inventories in the past no longer exist, the impairment loss is reversed.

Deferred taxes

Deferred taxes are accumulated in accordance with IAS 12 on all temporary differences between the carrying amounts in the consolidated balance sheet and the tax valuations of assets and liabilities (liability method) as well as for unused tax losses.

Deferred tax assets for accounting differences as well as for unused tax losses are recognised only insofar as it can be assumed with sufficient probability that these differences will in future lead to the realisation of the appropriate gain. Deferred tax assets are offset against deferred tax liabilities where a tax creditor identity exists. The applicable tax rates in the year of the reversal are taken as a basis for the calculation. Changes in the tax rates are taken into consideration, provided they are adopted.

Treasury shares

Treasury shares are reported openly at the cost of purchase as a reduction in equity. The number of company shares outstanding, i.e. in circulation, reduces in accordance with the number of treasury shares. The number of floating, i.e. issued shares remains unchanged. In the event of the resale of treasury shares, resulting profits or losses are offset against the capital reserve.

Pension provisions

Employer pension plans are valued and measured in accordance with IAS 19. Here a distinction is to be made between defined contribution and defined benefit pension plans.

For defined contribution plans, Bechtle has no obligations over and above the regular payment of defined contributions. No actuarial assumptions are therefore required to measure obligation or expense and no actuarial gains or losses can arise.

Conversely, the obligations arising from the defined benefit plans are to be measured on the basis of actuarial assumptions and calculations taking account of biometric assumptions. Here actuarial gains or losses may arise.

In accordance with IAS 19.93A, Bechtle consistently recognises all actuarial gains or losses of all defined benefit plans directly in equity taking account of deferred taxes directly in equity (revenue reserves). These actuarial gains or losses are reported in the "Statement of recognised income and expense".

Other provisions

Other provisions are set up, where there is a current obligation to third parties arising from a past event. It must be possible to estimate the amount reliably and it must be more probable than improbable that it will lead to an outflow of future resources. Provisions are only set up for legal and constructive obligations to third parties.

No provisions for operating expenses have been set up, as in this case there is no obligation to third parties. Long-term provisions with a term of over a year have been discounted on the basis of the relevant interest rates on the balance sheet date, where the interest rate effect was significant.

Revenue recognition

Sales are made in the IT system house and IT e-commerce segments, for which a distinction is made between services and merchandise.

Revenues are recognised in accordance with IAS 18 after the provision of the service or acceptance by the customer, taking account of sales deductions. Sales deductions, penalties and discounts are deducted. At this point, the amount of sales can be reliably measured and there is sufficient probability that the transaction will be of economic benefit.

Income and the associated expense are recognised independently of the underlying payment flows.

Maintenance contracts and other deliveries and services billed for in advance are adjusted taking account of the service already provided over the term.

Research and development costs

With the exception of development costs accruing in connection with the generation of software designated for internal use or for sale, there are no significant research and development costs to report. Please refer to our statement on internally generated software.

Earnings per share

Earnings per share or EPS have been calculated in accordance with IAS 33. IAS 33 requires the reporting of ordinary earnings per share for all companies which have issued ordinary shares. The earning per share is the earnings distributed to Bechtle AG shareholders after being divided by the weighted average of ordinary shares outstanding.

Significant assumptions and estimates

The preparation of the consolidated financial statements requires estimates and assumptions from the Executive Board which have an effect on the reported amount of assets, liabilities, income and expense in the consolidated financial statements as well as the disclosure of other financial liabilities and contingent liabilities. Appropriate account is taken of existing uncertainties when calculating values. The actual earnings may, however, differ from these estimates. All estimates and assumptions are made to the best of their knowledge and belief in order to present a true and fair view of the financial position and income situation of the Group.

The most important future-based assumptions as well as other significant sources of uncertainty in the estimates existing on the balance sheet date, as a result of which there is a considerable risk that it will be necessary to make a significant adjustment to carrying amounts of assets and liabilities within the next fiscal year, are explained below.

The impairment test for **goodwill, other intangible assets, and property, plant and equipment** requires estimates of future cash flows from assets or the cash generating unit to determine the value in use as well as the selection of an appropriate discount rate for the calculation of the present value of these cash flows. For estimates of future cash flows, long-term income forecasts in the context of the economic setting and the development of the industry are to be made.

Depreciation of **property, plant and equipment** by budgeted amounts requires estimates and assumptions when determining the standardised group economic life of assets.

Relevant assessments are required to measure the **deferred tax** assets and liabilities of the Group. Deferred tax assets on unused tax losses in particular require estimates of the sum and dates of future taxable income as well as future tax planning strategies. If there is any doubt about the feasibility of unused tax losses, these will not be recognised or adjusted.

Inventories include valuation allowances to the lower net realisable value. The amount of valuation allowances is based on estimates and assumptions on the sales revenue likely to be generated.

In the case of bad **debts**, valuation allowances are made in order to account for expected losses resulting from customers' inability to pay. The structure of due dates for the net claims, experience of the derecognition of debts in the past, an estimate of the customer's creditworthiness as well as changes in payment performance form the basis for the assessment of the appropriateness of valuation allowances on bad debts.

The measurement of **employer pension plans** is based on assumptions about the future development of certain factors. The factors include, among others, actuarial assumptions such as, for example, discount rate, expected increases in the value of plan assets, expected salary and pension increases, mortality rates and the earliest retirement age. Due to the long-term focus of such plans, such estimates are liable to considerable uncertainties.

The recognition and measurement of **provisions** are connected with estimates to a significant extent. The assessment of the quantification of the possible sum of payment obligations is based on the respective situation and circumstances. Provisions are set up for obligations where there is a risk of losses, losses are probable and their sum can be reliably estimated.

III. FURTHER EXPLANATORY NOTES ON THE BALANCE SHEET

(1) Goodwill

The goodwill recognised as of 31 December 2007 totalling 99,909 th. euros consists of the situation as per 31 December 2006 (97,663 th. euros), the new goodwill resulting from acquisitions in the reporting period (1,892 th. euros), subsequent purchase price adjustments (1,000 th. euros) as well as the differential on currency translation to the tune of –646 th. euros.

The table below shows individual changes to goodwill in the reporting period as well as its allocation to both cash generating units.

in th. euros

CASH-GENERATING UNIT	IT system house	IT e-commerce	Group
Situation as per 01.01.2007	73,087	24,576	97,663
Additions from acquisitions (IFRS 3.51)	137	1,755	1,892
Buyitdirect.com N.V.		1,755	1,755
Coma Services AG	137		137
Subsequent purchase price adjustments (IFRS 3.34)		1,000	1,000
Artikona Nederland B.V., Artikona Facilities B.V. and Artikona Supplies B.V.		1.000	1,000
Differential on currency translation (IAS 21.47)	–304	–342	–646
Situation as per 31.12.2007	72,920	26,989	99,909

To date, impairment tests on goodwill in accordance with IAS 36 have not shown a need for a write-down either for the "IT system house" cash generating unit or for the "IT e-commerce" cash generating unit.

The values in use calculated as part of the impairment test for goodwill were based on discount rates of between 7.9 and 8.8 per cent (previous year: 8.3 to 8.6 per cent), which correspond to the required return on investment and/or capital costs in the Bechtle Group. The values in use determined in the year under review exceed the balanced goodwill by a wide margin. By means of sensitivity analyses we have established that, even in the event of key assumptions differing within a realistic framework, there would be no need for an impairment of goodwill.

There are further details on new goodwill resulting from acquisitions in the reporting period as well as detailed purchase price allocations in classification point VIII. "Acquisitions" shown.

Furthermore, a statement of changes in goodwill is given in Annex B to the notes.

(2) Other intangible assets

in th. euros

	31.12.2007	31.12.2006
Customer bases	12,383	12,923
Brands	3,187	3,266
Customer service contracts	475	241
Internally generated software	100	44
Acquired software	3,069	3,099
Other intangible assets	19,214	19,573

Brands have no defined useful life and are to be allocated to the IT e-commerce cash generating unit.

A discount factor corresponding to the required return on capital or the cost of capital in the Bechtle Group is taken as a basis for the values in use calculated for brands as part of the impairment tests. By means of sensitivity analyses we have established that, even in the event of key assumptions differing within a realistic framework, there would be no need for an impairment of brands.

in th. euros

CUSTOMER BASES	2007
Carrying amount (31.12.2007)	12,383
Remaining useful life (weighted average)	4.3 years
Accumulated depreciation by budgeted amounts	10,168
Accumulated impairment as per IAS 36	308
Differential on currency translation of accumulated depreciation	-128
Depreciation by budgeted amounts 2007	3,062

The statement of changes in other intangible assets is given in detail in Annex B to the notes.

(3) Property, plant and equipment

in th. euros

	31.12.2007	31.12.2006
Other equipment, furniture, fixtures and fittings	15,336	14,434
Property and buildings	4,202	4,321
Plant and machinery	25	29
Property, plant and equipment	19,563	18,784

There has been only negligible extraordinary depreciation on property, plant and equipment.

Finance lease

Leased assets worth 113 th. euros (31.12.2006: 521 th. euros) are included under equipment as at 31 December 2007 in accordance with IAS 17.20 or 17.25 (finance lease). On 31 December 2007, the present value of future minimum lease payments totals 126 th. euros (prior year: 511 th. euros). In the 2008 fiscal year, lease payments worth 121 th. euros are to be made (prior year: 397 th. euros). The present value of payments amounts to 119 th. euros (prior year: 380 th. euros). In the medium term, lease payments totalling 7 th. euros (prior year: 133 th. euros) are to be paid. The present value of medium-term payments stands at 7 th. euros (prior year: 131 th. euros).

Following the expiry of the basic term, which basically amounts to 60 per cent of the useful life of the object of the lease, the lessee may purchase the leased asset or extend the term of the lease. The lessor is entitled following the expiry of the basic term to sell the leased asset. Some 90 per cent of the proceeds of the sale is to be counted towards the remaining liability of the lessee.

The statement of changes in property, plant and equipment is shown in detail in Annex B to the notes.

(4) Other non-current assets

in th. euros

	31.12.2007	31.12.2006
Loans to a leasing company	818	850
Job-creation reserves (blocked account Switzerland)	768	776
Trade receivables	264	25
Rental deposits	248	157
Due from staff	80	57
Other	32	28
Other non-current assets	2,210	1,893

Trade receivables with a maturity of over a year are allocated to non-current assets in this item in the balance sheet.

The company's other assets are not secured. The company therefore carries the risk that there may be bad debts to the tune of the carrying amounts.

(5) Deferred taxes

Deferred tax assets and liabilities on hand are shown below. In addition to changes in the current year, these also include deferred taxes to be recorded in the context of the initial consolidation of acquired companies, as well as tax effects from changes in equity recognised directly in equity.

in th. euros

	31.12.2007	31.12.2006
Unused tax losses	3,225	4,054
Pension provisions	1,056	987
Property, plant and equipment	231	244
Other provisions	190	195
Other assets	0	23
Deferred tax assets prior to valuation allowances	4,702	5,503
Valuation allowances	241	584
Deferred tax assets	4,461	4,919

in th. euros

	31.12.2007	31.12.2006
Goodwill	4,912	4,900
Customer bases	2,667	3,040
Brands	600	639
Property, plant and equipment	492	454
Provisions	398	199
Inventories	313	53
Receivables	210	243
Investments	160	294
Loans	129	105
Customer service contracts	125	93
Other	96	129
Deferred tax liabilities	10,102	10,149

Valuation allowances are made to the carrying amount of deferred tax assets if there is not sufficient probability of the realisation of the expected gains from deferred taxes. The estimate made for this purpose may be liable to changes in the course of time, which may lead in subsequent periods to a reversal of valuation allowances. The valuation allowance worth 241 th. euros relates to deferred tax assets from unused tax losses.

The applicable tax rates of the respective company in the year of the reversal are stated for the accrual/deferral of deferred taxes in Germany and in other countries.

Deferred taxes were derived from differences between the investment carrying amount in the separate financial statement and the tax value recognitions for investments ("outside basic differences"). The unused tax losses as at 31 December 2007 on which deferred tax assets have been based, concern domestic and foreign subsidiaries. Domestic unused tax losses include unused corporation tax losses at 3,494 th. euros (31.12.2006: 3,793 th. euros) as well as unused trade tax losses at 9,793 th. euros (31.12.2006: 8,181 th. euros). Some 11,946 th. euros (31.12.2006: 11,072 th. euros) are attributable to the losses of foreign companies.

Domestic unused tax losses are considered unlimited in accordance with the current fiscal provisions. The limited use of the loss offset mechanism (minimum taxation) under German fiscal law has been taken into consideration in the assessment of impairment to deferred tax assets on unused tax losses. Unused tax losses abroad expire in part after five years.

(6) Inventories

The company's warehouse stocks consist almost exclusively of merchandise.

in th. euros

	31.12.2007	31.12.2006
Inventories, gross	49,084	40,536
Valuation allowances	2,267	1,530
Inventories	46,817	39,006

The carrying amount of adjusted inventories ran into 5,816 th. euros as of 31 December 2007.

(7) Trade receivables

in th. euros

	31.12.2007	31.12.2006
Trade receivables, gross	192,259	183,541
Valuation allowances	2,683	2,430
Trade receivables	189,576	181,111
Of which long-term trade receivables with a maturity of over 1 year	264	25
Short-term trade receivables	189,312	181,086

Long-term trade receivables are allocated to non-current assets in the balance sheet.

The structure of due dates is as follows on the balance sheet date.

in th. euros

	Carrying amount	Individually adjusted in full or in part	Valuation allowance	Consolidated individual value adjustment	Not overdue and not value-adjusted	Overdue				
						less than 30 days	betw. 31 and 60 days	betw. 61 and 90 days	betw. 91 and 180 days	betw. 181 and 360 days
31.12.2007										
Trade receivables	189,576	1,129	979	1,704	128,855	50,184	9,001	1,786	1,238	66
31.12.2006										
Trade receivables	181,111	919	858	1,572	134,810	42,152	4,348	948	267	97

The company allows the time for payment usual in the industry and country. With respect to trade receivables neither impaired nor overdue, there is no evidence as of the balance sheet date to suggest that the debtors will not meet their payment obligations.

The company's receivables are not secured. The company therefore carries the risk that there may be bad debts to the tune of the carrying amounts. The company has in the past had to tolerate bad debts of minor significance on the part of individual customers or groups of customers. In order to cover the general credit risk, appropriate valuation allowances based on past experience are made.

The following is a statement of changes in valuation allowances on trade receivables:

in th. euros

	2007	2006
Situation of valuation allowances as per 1 January	2,430	3,065
Exchange differences/Consolidation	39	-21
Transfers (Expenses for valuation allowances)	732	590
Utilisation	287	690
Dissolutions	231	514
Situation of valuation allowances as per 31 December	2,683	2,430

The total sum of the transfer to the tune of 732 th. euros (2006: 590 th. euros) is made up of transfers for individual valuation allowances amounting to 456 th. euros (2006: 73 th. euros) and lump-sum individual valuation allowances worth 276 th. euros (2006: 517 th. euros).

There are expenses to the tune of 317 th. euros (2006: 391 th. euros) resulting from the immediate derecognition of trade receivables. There is only negligible income from the recovery of derecognised receivables.

(8) Securities

Securities are classified as "available for sale" and are therefore not derivative financial assets. They are to be measured at fair value, quoted and market value in accordance with IAS 39.

in th. euros

	31.12.2007	31.12.2006
Cost of purchase	1,999	2,589
Quoted and market value	1,929	2,642
Unrealised losses	-106	0
Deferred interest	36	53

(9) Other current assets

in th. euros

	31.12.2007	31.12.2006
Refunds and other receivables from suppliers	9,989	10,380
Rental deposits	459	128
Insurance refunds	151	3
Employer contribution reserve	144	0
Receivables from the sale of intangible assets	121	0
Nichtrealisierte Gewinne aus Finanzderivaten	79	137
Due from staff	50	183
Loans issued	0	750
Other	319	430
Total financial instruments	11,312	12,011
Advance payments	848	800
Deferred income	731	537
Social security claims	373	706
VAT accruals	131	182
Other current assets	13,395	14,236

The company's other assets are not secured. The company therefore carries the risk that there may be bad debts to the tune of the carrying amounts.

The financial instruments included under other current assets have the following due dates on the respective balance sheet date.

in th. euros

	Carrying amount	Not overdue	Overdue				
			Less than 30 days	betw. 31 and 60 days	betw. 61 and 90 days	betw. 91 and 180 days	betw. 181 and 360 days
31.12.2007							
Financial instruments	11,312	10,243	921	148	0	0	0
31.12.2006							
Financial instruments	12,011	11,207	473	141	24	6	160

As of the balance sheet date there is no evidence to suggest that debtors of assets not overdue will not meet their payment obligations.

(10) Cash and cash equivalents

Cash and cash equivalents to the tune of 52,300 th. euros (31.12.2006: 36,710 th. euros) include current balances at banks and cash holdings as well as short-term realisable investments with initial due dates of less than three months from the date of acquisition.

(11) Non-current assets held for sale

Real estate owned by the IT system house segment in Renens, Switzerland, that was not essential for the business, disclosed under this item on 31 December 2006 with a carrying amount of 2,579 th. euros was sold in the reporting period.

The resulting (pre-tax) profit of 1,936 th. euros (3,180 th. Swiss Francs) has been included under other operating income.

(12) Equity

Issued capital

Bechtle AG's ordinary share capital as at 31 December 2007 is divided into 21,200,000 issued and outstanding ordinary shares with a calculated par value of 1.00 Euro. Each share grants one vote. At that level, ordinary share capital is unchanged from its level as at 31 December 2006.

The number of shares outstanding remained consistently unchanged from the number as of 31 December 2006. The weighted average of shares outstanding calculated in accordance with IAS 33 in the reporting period consequently totals 21,200,000 shares (2006: 21,200,000).

Authorised capital

In accordance with § 4 (3) of Bechtle AG's articles of incorporation, the Executive Board is authorised up to 10 June 2009 to increase the company's ordinary share capital by up to 10,600 th. euros (authorised capital) with the consent of the Supervisory Board by issuing new, non-par bearer shares.

Capital increases may be against cash contributions and/or contributions in kind. The Executive Board is authorised to exclude the subscription right of shareholders for maximum amounts with the consent of the Supervisory Board. The Executive Board is moreover authorised to exclude the subscription right with the consent of the Supervisory Board, provided (1st scenario) capital increase against contributions in kind is for the acquisition of companies or investments in companies or (2nd scenario) the capital increase is against cash contributions, does not exceed ten per cent of the ordinary share capital on the date of issue and the issue price is not significantly below the quoted price or (3rd scenario) the capital increase is for the issue of employee shares and the proportional sum does not exceed ten per cent of the ordinary share capital on the date of issue.

The Executive Board is authorised to lay down further particulars for carrying out capital increases from the authorised capital with the consent of the Supervisory Board.

Contingent capital

By way of a resolution adopted at the annual general meeting on 1 June 2001, the ordinary share capital was increased on a contingent basis by up to the nominal amount of 2,000,000 euros by issuing 2,000,000 new shares with participating rights at the beginning of the year. The contingent capital is solely aimed at satisfying the subscription rights that were granted as part of the share option plan 2001/2008 in accordance with the resolution adopted at the annual general meeting on 1 June 2001 and shall, insofar, only be implemented if subscription rights are granted as part of the share option plan 2001/2008 and the holders of such subscription rights make use of them (Contingent Capital 2001).

No share options were issued as of 31 December 2007 or 31 December 2006.

Dividends

At the annual general meeting of 21 June 2007, a resolution was passed to distribute a dividend of 0.50 euro for each individual share certificate for the 2006 fiscal year (dividend sum: 10,600 th. euros).

Dividends may only be drawn from the company's retained earnings and revenue reserves as stated in Bechtle AG's German financial statements. These amounts vary from the total equity compared with the figures stated in the consolidated financial statements in accordance with IFRS. The Executive Board and Supervisory Board put forward a proposal to specify future dividends for which a resolution is adopted at the annual general meeting. Determinant factors include, in particular, profitability, financial situation, capital requirements, business prospects and the company's general underlying economic conditions. The company's strategy is geared towards internal and external growth which calls for investments that can – where possible – be financed internally. The Executive Board shall inform the Supervisory Board that a proposal be put forward at the annual general meeting to distribute a dividend of 0.60 euro per share (dividend total: 12,720 th. euros) for the 2007 fiscal year.

Retained earnings

The development of the retained earnings stated in Bechtle AG's commercial law annual financial statements in the past fiscal year was as follows:

in th. euros

Status as of 1 January 2007	10,600
Distribution of dividends	-10,600
Profit brought forward	0
Earnings after taxes 2007	19,284
Allocation to other revenue reserves	-6,564
Status 31 December 2007	12,720

Capital reserve

The capital reserve largely contains the offering premium (Agio) from the capital increases, and compared with the figure as of 31 December 2006 is unchanged at 143,454 th. euros.

Treasury shares

The Executive Board was last authorised by way of a resolution adopted at the annual general meeting of 21 June 2007 to acquire company treasury shares with the approval of the Supervisory Board in accordance with §§ 71 (1) no. 8 of AktG (German Stock Corporation Act). Such an acquisition of treasury shares is to comply with the conditions in terms of content of the annual general meeting resolution.

In the year under review, there were no treasury share transactions. As of 31 December 2007, the company therefore did not hold any treasury shares, as was the case as of 31 December 2006.

Capital management

At 61.2 per cent, the equity ratio (equity in relation to the balance sheet total) at Bechtle (previous year: 59.2 per cent) shows a solid equity structure. At Bechtle, capital management is aimed at retaining the strong equity basis to earn the trust of investors, creditors and the market, and facilitate future internal and external growth.

The Group controls its capital structure, and makes adjustments, in line with changes in the underlying economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders or issue new shares. As of 31 December 2007 or 31 December 2006, no changes had been made to the goals, guidelines and procedures.

Cumulated earnings recognised directly in equity

On the balance sheet date, the cumulated earnings recognised directly in equity were as follows:

in th. euros

	31.12.2007	31.12.2006
Actuarial pension scheme profits and losses	-5,548	-4,725
Deferred taxes	1,091	925
Unrealised loss from securities	-106	0
Deferred taxes	27	0
Unrealised profits from financial derivatives	79	137
Deferred taxes	-21	-53
Currency conversion differences	-5,188	-2,839
Cumulated earnings recognised directly in equity	-9,666	-6,555

Further to the explanations in the Itemisation point II "Adjustment of previous year's figures", the previous year's figure stated for the currency conversion differences compared with the publication (-2,494 th. euros) has been adjusted by -345 th. Euros to -2,839 th. euros).

The trend in the Group equity is apparent from the statement of changes in equity set out below.

in th. euros

	Issued capital	Capital reserves	Revenue reserves		Equity without minority interests	Minority interest	Total equity
			Accrued profits	Cumulated earnings recognised directly in equity			
Equity as per 1 January 2006	21,200	143,454	71,863	-671	235,846	244	236,090
Profit distribution			-10,600		-10,600		-10,600
Earnings after taxes			29,563		29,563	45	29,608
Revenue and expenses directly recognised in equity				-5,884	-5,884		-5,884
Equity as per 31 December 2006	21,200	143,454	90,826	-6,555	248,925	289	249,214
Equity as per 1 January 2007	21,200	143,454	90,826	-6,555	248,925	289	249,214
Profit distribution			-10,600		-10,600		-10,600
Earnings after taxes			40,897		40,897	62	40,959
Changes to consolidated companies					0	3	3
Revenue and expenses directly recognised in equity				-3,111	-3,111		-3,111
Equity as per 31 December 2007	21,200	143,454	121,123	-9,666	276,111	354	276,465

Further to the itemisation point II, "Adjustment of the previous year's figures", the previous year's equity figure has been adjusted compared with the original publication: The figure for the accumulated profits as of 1 January 2006 has been corrected from 73,220 th. euros by -1,357 th. euros to 71,863 th. euros. Earnings after taxes have been adjusted from 30,752 th. euros by -1,117 th. euros to 29,608 th. euros. Accordingly, the figure stated for the accrued profits as of 31 December 2006 has changed from 93,000 th. euros by -2,474 th. euros to 90,826 th. euros. The figure stated for the cumulated and directly recognised earnings as of 31 December 2006 has been corrected due to the currency conversion differences adjusted by -345 th. euros from -6,210 th. euros to -6,555 th. euros

(13) Pension provisions

With the exception of the pension plans for Bechtle Holding Switzerland AG, Rotkreuz, Switzerland, and its subsidiaries, and at Bechtle Onsite Services GmbH, Neckarsulm (formerly PSB Service GmbH, Gaildorf), there are no defined benefit pension plans in place at the Bechtle Group.

Bechtle Holding Switzerland AG with subsidiaries

The pension plans in place at Bechtle Holding Switzerland AG and its subsidiaries in the form of defined contribution plans constitute contractual agreements. However, according to IAS 19, they are to be stated in the balance sheet as defined benefit plans because a financial holding by the companies cannot be ruled out in the event of deficient cover.

Due to lacking information on the part of the Group of independent pension facilities (group insurers), in accordance with IAS 19.30 the pension plans were not stated as defined benefit plans up until 31 December 2005.

The "Bechtle Pension Fund", which is part of the group of independent funds and has its registered office in Rotkreuz, has been in place since 1 January 2006 for the companies of Bechtle Holding Switzerland AG located in Switzerland. It is a foundation within the meaning of Article 80 et seq. of the Swiss Civil Code, Article 331 et seq. of the Swiss Law of Obligations and Article 48 et seq. of the Swiss Federal Law on Occupational, Old-Age and Survivors' Pension Fund (BVG). The companies of Bechtle Holding Switzerland AG that are not located in Switzerland are covered via external government (Germany, France and Austria) and private (the Netherlands) pension facilities. The Bechtle Pension Fund means that the necessary transparency has been in place since 1 January 2006 to state pension plans in the balance sheet as defined benefit plans pursuant to IAS 19.48 et seq.

To this end actuarial expert opinions have been prepared regularly since 1 January 2006. As of 31 December 2006, the juxtaposition of target assets (33,979 th. euros) and the defined benefit obligation (38,878 th. euros) gave rise to insufficient cover and a net obligation to be stated in the balance sheet of 4,899 th. euros, which was balanced accordingly as a pension reserve. This net obligation to be stated in the balance sheet was attributable to actuarial losses of 4,741 th. euros which according to IAS 19.93A, and consideration given to deferred taxes, were recognised directly in the equity (revenue reserves).

During the course of the year under review, further actuarial losses of 1,023 th. euros occurred. In view of the currency conversion differences of -148 th. euros, the actuarial losses stated in the revenue reserves as of 31 December 2007 were 5,616 th. euros less 1,109 th. euros deferred tax assets.

In the year under review, the paid employer's contributions exceeded the net pensions expenses recognised as expenses by 733,000 th. euros which is to be recognised accordingly as a reduction in the operating expenses.

By way of additional consideration to the net obligation of 266 th. euros for the acquisition of Coma Services AG, Bremgarten, Switzerland, the total net obligation to be stated in the balance sheet as per 31 December 2007, and therefore the pension reserve, is 5,307 th. euros.

Bechtle Onsite Services GmbH

The pension obligations of Bechtle Onsite Services GmbH, Neckarsulm, are attributable to a subsidiary take-over as of 1 October 2005, and were initially stated in the Bechtle Group balance sheet as per 31 December 2005 on the basis of an actuarial expert opinion.

The obligations of this defined benefit plan shall be processed as direct commitments without drawing on the reserves. This is a reserve-financed pension system that is not fund-supported. To this end actuarial expert opinions are prepared regularly for the assessment. As of 31 December 2006, the pension provisions stated in the balance sheet were 485 th. euros. The actuarial profits amounted to 15 th. euros (deferred taxes stated in the liabilities: 6 th. euros).

As per 31 December 2007, pension provisions had shrunk by 17 th. euros to 468 th. euros. This reduction of 53 th. euros was not calculated as profit but as an actuarial gain (passive deferred taxes: 12 th. euros) while the reduction of 36 th. euros was recognized under expenses.

In total, as of 31 December 2007, the pension obligations of Bechtle Onsite Services GmbH and Bechtle Holding Switzerland AG and subsidiaries stated in the consolidated balance sheet are 5,775 th. euros.

The transitional statement of the cash value of the defined benefit obligation is as follows:

in th. euros

	2007	2006
Cash value of defined benefit obligation 01.01.	39,363	35,839
Ongoing work time expenses (for pension entitlements earned in the year under review)	1,792	3,024
Interest cost (for pension entitlements acquired at an earlier date)	1,206	1,156
Employee contributions	1,771	1,836
Actuarial profits/losses	-490	492
Projected reductions/settlements	0	-119
Company mergers	1,770	0
Paid pension benefits	-5,812	-1,616
Differential on currency translation	-1,140	-1,249
Cash value of defined benefit obligation 31.12.	38,460	39,363

The fair value of the projected assets shall be transferred as follows:

in th. euros

	2007	2006
Fair value of projected assets 01.01.	33,979	32,391
Expected revenue from projected assets	1,408	1,362
Employee contributions	1,771	1,836
Employer contributions	2,287	2,595
Actuarial profits/losses	-1,460	-1,481
Company mergers	1,504	0
Paid pension benefits	-5,812	-1,616
Differential on currency translation	-992	-1,108
Fair value of projected assets 31.12.	32,685	33,979

The following table shows the transitional statement of the pension reserves stated in the balance sheet:

in th. euros

	31.12.2007	31.12.2006
Cash value of defined benefit obligation	38,460	39,363
Fair value of projected assets	32,685	33,979
Net obligation	5,775	5,384
Pension reserves stated in the balance sheet	5,775	5,384

The net pension expenses stated in the **income statement** for the defined benefit pension plans are made up of the following:

in th. euros

	2007	2006
Ongoing work time expenses (for pension entitlements earned in the year under review)	1,792	3,024
Interest cost (for pension entitlements acquired at an earlier date)	1,206	1,156
Expected revenue from projected assets	-1,408	-1,362
Projected reductions/settlements	0	- 119
Net pension expenses for benefit commitments	1,590	2,699

The defined benefit plans and their actuarial measurement are based on the following parameters:

	Bechtle Holding Switzerland AG (part-group)	Bechtle Onsite Services GmbH
Discount rate	3.25%; 3.50% from 01.01.2008	5.00%
Inflation rate	1.50%	-
Long-term expected appreciation of projected assets	4.25% "net" (i.e. after administration costs)	-
Interest for age credits	3.50%	-
Salary increase (incl. Inflation rate)	1.50%; 2.00% from 01.01.2008	0.00%
Pension increase	0.00%	-
Retirement likelihood, mortality, invalidity	BVG 2005	Heubeck guide 2005 G; Retirement likelihood conditional on age and company-service
Likelihood of marriage	80%; age difference between husband and wife is 3 years	Heubeck guide 2005 G
Earliest retirement age	Men and women 100% aged 64	Men 62/63 and women 60/62 (after Pension Reform 1999)
Surcharge for longevity	None	None

In view of the investment categories, the projected assets of Bechtle Holding Schweiz AG is as follows:

	31.12.2007
Obligations	43 %
Equity instruments	28 %
Property	16 %
Others	12 %
Liquidity	1 %

The empirical value adjustments to the defined benefit obligation and the projected assets are as follows:

in th. euros

	31.12.2007	31.12.2006
Present value of defined benefit obligation	38,766	40,002
Empirical adjustment to defined benefit obligation (loss)	341	1,621
Planned assets	32,684	34,559
Empirical adjustment to planned assets (loss)	1,448	869

The actuarial expert opinions for Bechtle Holding Schweiz AG and Bechtle Onsite Services GmbH forecast the following stated figures for 2008:

in th. euros

	2008
Present value of defined benefit obligation 01.01.	38,460
Ongoing work time expenses (for pension claims earned in the year under review)	1,587
Interest cost (for pension claims acquired at an earlier date)	1,384
Employee contributions	1,792
Paid pension benefits	-2
Present value of defined benefit obligation 31.12.	43,221

in th. euros

	2008
Fair value of projected assets 01.01.	32,685
Expected revenue from projected assets	1,482
Employee contributions	1,792
Employer contributions	2,604
Fair value of projected assets 31.12.	38,563

in th. euros

	31.12.2008
Present value of defined benefit obligation	43,221
Fair value of projected assets	38,563
Net obligation	4,658
Pension provisions stated in the balance sheet	4,658

in th. euros

	2008
Ongoing work time expenses (for pension claims earned in the year under review)	1,587
Interest cost (for pension entitlements acquired at an earlier date)	1,384
Expected revenue from projected assets	-1,482
Net pension expenses for benefit commitments	1,489

(14) Other provisions in th. euros

in th. euros

	01.01. 2007	Changes to consolidated companies, Currency conversion	Utilisation	Release	Addition	31.12. 2007
Guarantees	1,473	-2	1,336	50	1,777	1,862
Other personnel costs	1,534	0	1,449	30	815	870
Legal and consulting costs	242	0	232	2	520	528
Closure costs	125	-4	110	0	516	527
Investor Relations	349	0	214	52	264	347
Others	2,605	-18	2,407	159	2,124	2,145
	6,328	-24	5,748	293	6,016	6,279
Other long-term provisions	212	0	97	25	137	227
Other short-term provisions	6,116	-24	5,651	268	5,879	6,052

The provisions for **guarantees** are formed on the basis of probable utilisation based on company-specific experience rates. The **other personnel costs** largely contain subsequent salary payments and compensation. The provisions for **guarantees** are created for probable utilisation on the basis of specific company empirical values. The **legal and consulting costs** account for the lion's share of costs in respect of legal and tax consulting. The provisions for **Investor Relations** largely comprise costs incurred for the Annual General Meeting and annual report. The provisions for **closure costs** largely comprises rental obligations. The **other reserves** apply to various administration and distribution costs as part of the customary business activity.

(15) Financial liabilities, interest swaps and loan limits

in th. euros

	31.12.2007	31.12.2006
- Deutsche Bank AG, loan for the acquisition of ARP Holding AG	4,903	7,576
- Sparkasse Schwäbisch Hall-Crailsheim, loan for the acquisition of ARP Holding AG	2,415	3,732
- Landesbank Baden-Württemberg, two loans for the acquisition of the system house division of Eurodis Schweiz AG	1,449	2,986
- Other long-term loans for passenger vehicle acquisitions	158	22
Loans with initial term in excess of 1 year	8,925	14,316
Other short-term financial liabilities	833	150
Total financial liabilities	9,758	14,466

The financial liabilities show in total the following due dates:

in th. euros

	Total	Residual term		
		up to one year	between one and two years	between two and three years
31.12.2007				
Loans	8,925	5,216	3,709	
Other financial liabilities	833	833		
Total	9,758	6,049	3,709	
31.12.2006				
Loans	14,316	5,266	5,266	3,784
Other financial liabilities	150	150		
Total	14,466	5,416	5,266	3,784

The **loan from Deutsche Bank AG** in the sum of 4,903 th. euros stated in Swiss francs (th. CHF 8,120) has a term up to 1 April 2009. It is subject to variable interest charges (CHF-LIBOR-3M + 100 basic points) and is repaid by way of annual payments of 2,451 th. euros (th. CHF 4,060) in each case on 1 April. Securities are stated in the negative declaration or in the settlement obligation in the case of providing securities. The risk of the variable interest rate of the loan is eliminated by way of an interest swap. The interest swap at an initial reference amount of th. CHF 20,300 is to be construed as cash-flow hedge and is 100 per cent effective in hedging the interest change risk. Bechtle pays the fixed interest rate of 1.50 per cent, and is provided with the CHF-LIBOR-3M as a variable interest rate. The term end is set at 1 April 2009. The market value of the interest swap as of 31 December 2007 was 50 th. euros. In view of the hedging by the interest swap against the interest change risk, this gives rise to an interest rate for the loan of 2.50 per cent.

The **loan from Sparkasse Schwäbisch Hall-Crailsheim** in the sum of 2,415 th. euros stated in Swiss francs (th. CHF 4,000) has a term up to 1 April 2009. It is subject to variable interest charges (CHF-LIBOR-6M + 90 basic points) and is repaid by way of annual payments of 1,208 th. euros (th. CHF 2,000) in each case on 1 April. Securities are stated in the negative declaration or in the settlement obligation in the case of providing securities. The risk of the variable interest rate of the loan is eliminated by way of an interest swap. The interest swap at an initial reference amount of th. CHF 10,000 is to be construed as cash-flow hedge and is 100 per cent effective in hedging the interest change risk. Bechtle pays the fixed interest rate of 1.49 per cent, and is provided with the CHF-LIBOR-6M as a variable interest rate. The term end is set at 1 April 2009. The market value of the interest swap as of 31 December 2007 was 25 th. euros. In view of the hedging by the interest swap against the interest change risk, this gives rise to an interest rate for the loan of 2.39 per cent.

Two loans from Landesbank Baden-Württemberg totalling 1,449 th. euros stated in Swiss francs has a term up to 30 December 2008. It is subject to variable interest charges (CHF-LIBOR-6M + 90 basic points). The loans are not secured. The risk of the variable interest rate of the two loans is eliminated by way of two interest swaps. The interest swaps are construed as a cash-flow hedge and are 100 per cent effective in hedging the interest change risk. Apart from the reference amount (initially totalling th. CHF 12), both interest swaps have identical conditions. Bechtle pays the fixed interest rate of 2.54 per cent, and is provided with the CHF-LIBOR-6M at a variable interest rate.

The term end is set at 30 December 2008. The market value of the interest swap as of 31 December 2007 was 4. In view of the hedging by the interest swap against the interest change risk, this gives rise to an interest rate for both loans of 3.44 per cent.

The market value of the interest swaps in the year under review was 79 th. euros (2006: 137 th. euros) and with due regard to deferred taxes of 21 th. euros (2006: 53 th. euros) is recognised directly in equity (revenue reserves). There were no ineffective changes in market value to be recognised affecting the income statement either in the year under review or in the prior year.

The company has at its disposal global **borrowing limits** of 44,659 th. euros plus bank borrowing limits of 900 th. euros. On the balance sheet date, of these use had been made of 1,381 th. euros in cash loans and 2,530 th. euros in bank guarantees giving rise to unused borrowing limits of 41,648 th. euros.

(16) Other long-term liabilities

The other long-term liabilities are as follows:

in th. euros

	31.12.2007	31.12.2006
Liabilities resulting from acquisitions	135	635
Others	41	8
Other long-term liabilities	176	643

The residual terms are stated in the following overview:

in th. euros

	Total	Residual term between one and two years	Residual term between two and three years
31.12.2007			
Liabilities resulting from acquisitions	135	135	
Others	41	41	
31.12.2006			
Liabilities resulting from acquisitions	635	500	135
Others	8	8	

(17) Other short-term liabilities

The other short-term liabilities are as follows:

in th. euros

	31.12.2007	31.12.2006
Personnel liabilities	15,205	13,580
Turnover tax	8,031	8,981
Customer liabilities	3,426	2,773
Wage and church tax	2,272	1,872
Liabilities resulting from acquisitions	2,647	1,270
Social security contributions	903	964
Customer bonus	847	701
Annual financial statement costs	558	606
Insurance policies	156	36
Liabilities from other taxes	132	113
Others	1,124	888
Other short-term liabilities	35,301	31,784

(18) Deferred income

The deferred income item is set out below:

in th. euros

	31.12.2007	31.12.2006
Long-term deferred income	3,769	2,667
Short-term deferred income	5,030	6,720
Deferred income	8,799	9,387

The deferred income largely contains deferrals for servicing contracts and extended guarantees.

(19) Additional details on the financial instruments

The following table shows a transfer of the balance sheet items to the classes of financial instruments in accordance with IFRS 7. On the basis of this allocation, the carrying amount and fair values for the IAS 39 categories are stated for each class.

in th. euros

31.12.2007	Balance sheet item	No financial instrument pursuant IAS 39	Financial instrument per class				
			Trade receivables	Securities	Other financial assets	Liquid funds	Financial derivatives
ASSETS							
LONG-TERM ASSETS							
Goodwill	99,909	99,909					
Other intangible assets	19,214	19,214					
Property, plant and equipment	19,563	19,563					
Receivables from income tax	203	203					
Other long-term assets	2,210		264		1,946		
Deferred taxes	4,461	4,461					
SHORT-TERM ASSETS							
Inventories	46,817	46,817					
Trade receivables	189,312		189,312				
Securities	1,929			1,929			
Receivables from income tax	2,110	2,110					
Other short-term assets	13,395	2,083			11,233		79
Cash and cash equivalents	52,300					52,300	
Total	451,423	194,360	189,576	1,929	13,179	52,300	79

in th. euros

31.12.2007	Balance sheet item	No financial instrument pursuant IAS 39	Financial instrument per class				
			Trade payables	Securities	Other financial assets	Liquid funds	
EQUITY AND LIABILITIES							
EQUITY							
	276,465	276,465					
LONG-TERM DEBTS							
Pension provisions	5,775	5,775					
Other provisions	227	227					
Financial liabilities	3,709			3,709			
Other long-term liabilities	176				176		
Deferred income	3,769	3,769					
Deferred taxes	10,102	10,102					
SHORT-TERM DEBTS							
Other provisions	6,052	6,052					
Financial liabilities	6,049			6,049			
Received advances	4,439	4,439					
Trade payables	88,274		88,148				126
Income tax liabilities	6,055	6,055					
Other short-term liabilities	35,301	11,338				23,963	
Deferred income	5,030	5,030					
Total	451,423	329,252	88,148	9,758	24,139	126	

in th. euros

31.12.2006	Balance sheet item	No financial instrument pursuant IAS 39	Financial instrument per class				
			Trade receivables	Securities	Other financial assets	Liquid funds	Financial derivatives
ASSETS							
LONG-TERM ASSETS							
	Goodwill	97,663	97,663				
	Other intangible assets	19,573	19,573				
	Property, plant and equipment	18,784	18,784				
	Receivables from income tax	173	173				
	Other long-term assets	1,893	10	25		1,858	
	Deferred taxes	4,919	4,919				
SHORT-TERM ASSETS							
	Inventories	39,006	39,006				
	Trade receivables	181,086		181,086			
	Securities	2,642			2,642		
	Receivables from income tax	1,494	1,494				
	Other short-term assets	14,236	2,225			11,874	137
	Cash and cash equivalents	36,710				36,710	
NON-CURRENT ASSETS HELD FOR SALE							
		2,579	2,579				
	Total	420,758	186,426	181,111	2,642	13,732	36,710
							137

in th. euros

31.12.2006	Balance sheet item	No financial instrument pursuant IAS 39	Financial instrument per class			
			Trade payables	Securities	Other assets	Liquid funds
EQUITY AND LIABILITIES						
EQUITY	249,214	249,214				
LONG-TERM DEBTS						
Pension provisions	5,384	5,384				
Other provisions	212	212				
Financial liabilities	9,050			9,050		
Other long-term liabilities	643				643	
Deferred income	2,667	2,667				
Deferred taxes	10,149	10,149				
SHORT-TERM DEBTS						
Other provisions	6,116	6,116				
Financial liabilities	5,416			5,416		
Received advances	4,453	4,453				
Trade payables	84,850		84,339			511
Income tax liabilities	4,100	4,100				
Other short-term liabilities	31,784	11,930			19,854	
Deferred income	6,720	6,720				
Total	420,758	300,945	84,339	14,466	20,497	511

The carrying amount according to IFRS 7.8, amounts stated and fair values in accordance with the valuation criteria of IAS 39 are stated for the respective classes in the following tables:

in th. euros

31.12.2007 Classes in accordance with IFRS 7	Valuation categories	Carrying amount according to Balance sheet	Ongoing acquisition costs	Fair value recognised directly in equity	IAS 17	Fair value
ASSETS						
Trade receivables	AKuF	189,576	189,576			189,576
Securities	ZVvFV	1,929		1,929		1,929
Other financial assets	AKuF	13,179	13,179			13,179
Liquid funds	AKuF	52,300	52,300			52,300
Financial derivatives	n.a.	79		79		79
EQUITY AND LIABILITIES						
Loans	FVzfA	9,758	9,758			9,758
Trade payables	FVzfA	88,148	88,148			88,148
Other financial liabilities	FVzfA	24,139	24,139			24,139
Finance Leasing	n.a.	126			126	126
Thereof aggregated according to valuation category pursuant to IAS 39:						
	AKuF	255,055	255,055	0	0	255,055
	ZVvFV	1,929	0	1,929	0	1,929
	FVzfA	122,045	122,045	0	0	122,045

in th. euros

31.12.2006 Classes pursuant to IFRS 7	Valuation categories	Carrying amount according to Balance sheet	Ongoing acquisition costs	Fair value recognised directly in equity	IAS 17	Fair value
ASSETS						
Trade receivables	AKuF	181,111	181,111			181,111
Securities	ZVvFV	2,642		2,642		2,642
Other financial assets	AKuF	13,732	13,732			13,732
Liquid funds	AKuF	36,710	36,710			36,710
Financial derivatives	n.a.	137		137		137
EQUITY AND LIABILITIES						
Loans	FVzfA	14,466	14,466			14,466
Trade accounts payable	FVzfA	84,339	84,339			84,339
Other financial liabilities	FVzfA	20,497	20,497			20,497
Finance leasing	n.a.	511			511	511
Thereof aggregated according to valuation category pursuant to IAS 39:						
	AKuF	231,553	231,553	0	0	231,553
	ZVvFV	2,642	0	2,642	0	2,642
	FVzfA	119,302	119,302	0	0	119,302

Abbreviations used for the IAS 39 valuation categories:

AKuF = granted loans and receivables

ZVvFV = financial assets available for sale

FVzfA = financial liabilities for ongoing acquisition costs.

Due to the largely short terms, the carrying amounts vary only slightly from the attributable values. The attributable values of other long-term assets and liabilities reflect the cash values of the associated payments in compliance with the respective, current, interest parameter.

IV. EXPLANATORY NOTES ON THE INCOME STATEMENT

(20) Revenue

The remuneration charged to customers for trade payables – less sales deductions and discounts are stated in the revenue of 1,383,453 th. euros (2006: 1,220,138 th. euros).

The classification of the revenue according to divisions and regions is stated in the segment reporting.

(21) Classification of expenses

in th. euros

	Sales cost		Distribution cost		Administration cost	
	2007	2006	2007	2006	2007	2006
Material costs	1,057,410	919,296	0	0	0	0
Personnel expenses	97,185	95,416	61,591	56,106	44,477	41,059
Depreciation	6,057	6,577	3,982	3,949	3,462	3,930
Other operating expenses	27,469	25,268	15,782	13,684	19,297	17,743
Total costs	1,188,121	1,046,557	81,355	73,739	67,236	62,732

(22) Other operating revenue

In the year under review, the other operating revenue was 11,512 th. euros (2006: 8,620 th. euros) and was as follows:

in th. euros

	31.12.2007	31.12.2006
Marketing allowances and other remuneration to suppliers	7,006	6,818
Non-current assets held for sale	1,936	0
Damage compensation payment	693	585
Revenue from currency conversion differences	773	529
Disposal of property, plant and equipment assets and intangible assets	465	168
Rent revenue	0	223
Others	639	297
Other operating income	11,512	8,620

(23) Income taxes

The paid and due taxes on income, and the deferred charges, are stated as income taxes.

The tax expense in the year under review was as follows:

in th. euros

	2007	2006
Paid or due taxes		
Germany	14,472	11,746
Other countries	3,181	1,994
Deferred taxes		
from valuation differences in terms of time	-1,014	-257
from losses brought forward	1,408	2,768
Income taxes	18,047	16,251

In 2007, the Bechtle Group posted a deferred tax revenue due to changed tax rates of 1,320 th. euros (previous year: 0 euros). This includes the one-off deferred tax revenue of 1,084 th. euros in conjunction with the corporate tax reform in Germany. This is largely attributable to the revaluation of the deferred taxes, stated as liabilities, on goodwill and customer bases by way of taking the nominal tax rates in Germany as a basis from 2008.

The coordination of the actual tax expenses and the amount that applies following consideration of a weighted domestic and foreign tax rate of about 33 per cent (2006: 34 per cent), and the profit before income taxes, was as follows in the year under review:

in th. euros

	2007	2006
Earnings before tax	59,006	45,859
Expected tax expense	19,416	15,729
Capitalisation of cash value of corporation tax credit	0	-173
Tax rate change for deferred taxes	-1,320	0
Tax expense of earlier years	52	357
Tax revenue of earlier years	-114	-283
Non-deductible expenses	500	914
Addition of active deferred taxes	-793	-652
Depreciation/disposal of active deferred taxes	404	628
Others	-98	-269
Actual tax expense	18,047	16,251

(24) Earnings per share

The below table shows the calculation of the earnings per ordinary share after taxes without minority interest.

	2007	2006
Earnings after tax (in th. euros)	40,959	29,608
of which: shares held by minorities (in th. euros)	62	45
of which: shares held by Bechtle AG shareholders (in th. euros)	40,897	29,563
Average number of shares (number)	21,200,000	21,200,000
Average number of shares (euros)	1.9291	1.3945

The earnings per share was calculated pursuant to IAS 33 on the earnings paid to Bechtle AG shareholders after taxes and the average number of shares in circulation in the year under review. The undiluted earnings per share are identical with the diluted earnings per share.

(25) Additional details on the financial instruments regarding the income statement

In the following table, the net earnings for the financial instruments of Bechtle AG are divided into the IAS 39 valuation categories.

in th. euros

	From interest	From the subsequent valuation			From disposal	Net earnings	
		Currency conversion	Value adjustment	Fair value		2007	2006
Granted loans and receivables	1,223	-321	-501		-317	84	218
Available for sale	34			-106		-72	200
Financial liabilities or ongoing acquisition costs	-509	530				21	-168
Total	748	209	-501	-106	-317	33	250

The total interest yield on financial assets corresponds to the above values. The total interest expense of financial liabilities, not including interest swaps, is 584 th. euros.

V. FURTHER EXPLANATORY NOTES ON THE CASH FLOW STATEMENT

The cash flow statement for the year under review and the previous year in accordance with IAS 7 states the development of the payment flows separated according to fund inflows and outflows from the operating activity, and the investment and financing activity. The cash flow is determined using the indirect method.

The liquid funds, which have not changed compared with the previous year, contain cash on hand, cheques, and credits in banks with a residual term not in excess of three months and correspond with the balance sheet item liquid funds. Effects from the currency conversions of the liquid funds are stated separately in the calculation.

The properties owned in Renens, Switzerland, which are not required for company operations stated in the previous year in the balance sheet item long-term assets kept for sale, were sold in the year under review. The resulting effects are stated separately in the cash flow statement. The profit from the sale of 1,936 th. euros reduces the cash flow from the operating activity. Payments of 4,680 th. euros are stated in the cash flow from the investment activity.

(26) Cash flow from the operating activity

The cash flow from the operating activity of 41,993 th. euros (previous year: 26,866 th. euros) is indirectly derived from the earnings before income tax. The interest cost, depreciation and other expenses and revenue that do not have an effect on payments, and the changes in key balance sheet items and other net assets, are taken into consideration as part of the indirect determination.

The other expenses and income not affecting payments are for the most part made up of changes to provisions and value adjustments.

The changes to the balance sheet items are adjusted in line with the assets and debts assumed from the acquisitions, and the effects of the currency conversion.

(27) Cash flow from the investment activity

The net cash and cash equivalents used for investments of 9,500 th. euros (previous year: 19,343 th. euros) largely contain disbursements for the acquisition of new Group companies and investments in intangible assets and property, plant and equipment. These disbursements are reduced by payments from the sale of property, plant and equipment and other assets as well as received advances.

The disbursements for the acquisition of new Group companies contain disbursements from the original acquisition and subsequent purchase price adjustments. In the case of acquiring assumed liquid funds, and purchase price obligations yet to fall due for payment, are balanced by way of this item. Further explanatory notes on the acquisitions are contained Itemisation point VIII.

(28) Cash flow from the financing activity

The net cash and cash equivalents used for financing activities of 16,145 th. euros (previous year: 18,328) arise from the assumption and repayment of financial liabilities, the distribution of dividends and effected interest payments.

VI. SEGMENT REPORTING

The various types of balance sheet data are broken down by business areas and regions. The arrangement is determined by the requirements of internal reporting (management approach). The segmenting is designed to bring transparency to the profitability and prospects of success as well as the opportunities and risks of the Group's various business sectors.

Within the meaning of segment reporting under IAS 14, the group is currently active in two areas, the IT system house and IT e-commerce segments. The segments differ in their areas of activity and employ different approaches for trading in IT products.

By way of the **IT system house** segment, Bechtle offers medium-sized companies, financial service providers and public institutions full support on all aspects of IT infrastructure and applications. The service offer comprises IT strategy consulting; the supply of hardware and software; project planning and implementation; system integration; servicing and training and numerous IT services up to full IT operations. The area-wide decentralised organisation of the Bechtle IT system houses with some 60 locations in Germany and Switzerland ensures proximity to customers.

The **IT e-commerce** segment comprises the Group's pure Internet, catalogue and telesales-based trading activities. In this case, Bechtle pursues a multi-brand strategy. The company is currently represented in nine European countries with the *Bechtle direct* brand; and the *ARP* brand is active in five countries. As a specialist IT dealer with over 30,000 IT products, Bechtle offers the full range of standard products from some 300 manufacturers. *ARP* also markets products under its own label to a limited extent.

The Group's branch offices are largely located in Germany. Foreign branch offices are located in Belgium, France, Great Britain, Italy, the Netherlands, Austria, Switzerland, Spain and Taiwan.

The administration of the Group companies is largely centralised in Gaildorf and Neckarsulm.

No major transactions are conducted between the segments.

The key performance indicator of both segments is the earnings before interest and taxes. Interest payments are not included as the segments are basically financed via Bechtle AG where external interest cost/income largely accrues or is generated.

in th. euros

ACCORDING TO SEGMENTS	2007			2006		
	IT system house	IT e-commerce	Total Group	IT system house	IT e-commerce	Total Group
External sales	885,772	497,681	1,383,453	816,998	403,140	1,220,138
Depreciation	9,743	3,758	13,501	11,084	3,372	14,456
Operating profit	33,065	25,188	58,253	22,597	23,133	45,730
Net interest income			753			129
Earnings before taxes			59,006			45,859
Investments	8,434	2,851	11,285	9,038	3,808	12,846
Investments by changes to consolidated companies	4,816	2,881	7,697	0	10,015	10,015

in th. euros

	31.12.2007				31.12.2006			
	IT system house	IT e-commerce	Not allocated according to IAS 14	Total Group	IT system house	IT e-commerce	Not allocated according to IAS 14	Total Group
Gross assets of segments	247,718	142,258	61,447	451,423	239,025	133,737	47,996	420,758
debts of segments	70,141	50,086	54,731	174,958	70,296	48,234	53,014	171,544

in th. euros

ACCORDING TO REGIONS	2007			2006		
	Domestic market	Abroad	Total Group	Domestic market	Abroad	Total Group
External sales	902,367	481,086	1,383,453	815,876	404,262	1,220,138
Investments	6,794	4,491	11,285	5,791	7,055	12,846
Investments by changes to consolidated companies	1,519	6,178	7,697	0	10,015	10,015

in th. euros

	31.12.2007				31.12.2006			
	Domestic market	Abroad	Not allocated according to IAS 14	Total Group	Domestic market	Abroad	Not allocated according to IAS 14	Total Group
Gross assets of the regions	201,568	188,408	61,447	451,423	214,040	158,722	47,996	420,758
Debts of the regions	48,361	71,866	54,731	174,958	44,029	74,501	53,014	171,544

The following applies to segmenting:

Revenues are allocated to the country in which the respective subsidiary has its registered office. From the point of view of the subsidiary, revenues are generated solely in the respective country. The Group external revenue shows the shares of divisions in the consolidated Group revenues. No major transactions are conducted between the segments. The segment assets contain all assets that are to be allocated to the segments in accordance with IAS 14. The segment debts contain all the directly allocated to the segments in accordance with IAS 14.

The investments and depreciation apply to additions in the case of property, plant and equipment and intangible assets.

VII. OTHER FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

Operating leases

As part of rental and leasing contracts qualified in accordance with ISA 17 as “operating leases”, the Group rents property, plant and equipment as part of leasing or tenancy agreements. The resulting leasing rates or rental payments are recognised directly as expenses in the income statement.

Bechtle has entered into non-terminable tenancy agreements for office and storage space. Furthermore, the company has rented buildings, vehicles, IT commodities and various services as part of non-terminable operating and leasing transactions. The expenses as part of rental and leasing contracts contain payments of 18,998 th. euros (2006: 14,363 th. euros).

The future obligations from the above-mentioned contracts were 75,641 th. euros as per 31 December 2007 (2006: 76,533 th. euros).

in th. euros

Due within one year	16,053
Due between 1 and 5 years	30,529
Due after 5 years	29,059
Total minimum rental payments	75,641

This includes 36,437 th. euros from the leasing contract entered into in 2002 for the central logistics and administration building in Neckarsulm. The building is owned by Fabiana Grundstücksverwaltungsgesellschaft mbH, Munich (Fabiana). Its sole business object consist of renting the building via Südleasing GmbH to Bechtle AG. Fabiana has subscribed capital of 25 th. euros and has financed investments of 31,150 th. euros largely via loans. Bechtle AG has neither a direct nor indirect holding in Fabiana.

Bechtle AG has an option to purchase the building following expiry of the leasing contract in 2022. There is no obligation to consolidate the company in accordance with IFRIC 4. Furthermore, no losses are expected from the leasing contract because Bechtle AG is not under obligation to exercise the purchase option.

In return, Bechtle acts as the leasing company as part of operating/leasing contracts. This largely amounts to renting IT commodities. The respective minimum leasing payments from these contracts amount to 4,751 th. euros for 2008, and 5,103 th. euros for 2009 to 2012, therefore totalling 9,854 th. euros.

Contingent purchase price adjustments for acquisitions (IFRS 3.34).

In the case of the acquisition of Artikona Nederland B.V., Artikona Facilities B.V. and Artikona Supplies B.V., all with their registered offices in Maastricht, the Netherlands, last year, Bechtle undertook to pay subsequent contingent purchase price increases. The amount of such purchase price payments to be effected on a subsequent basis was conditional on achieving certain goals regarding the earnings before tax by the acquired companies in 2006 and 2007, and at most amounted to 2,005 th. euros. Of this amount, 1,005 th. euros was recorded as a subsequent purchase price increase as of 31 December 2006 and 1,000 th. euros as of 31 December 2007.

In other respects, there were no contingent purchase price increases as of 31 December 2007.

Contingent liabilities

According to IAS 37.86, the company is not aware of any transactions, in respect of legal disputes, that would have a considerable detrimental effect on the results of operations and cash flows, liquidity or financial position, or has had such an effect in the last two years.

VIII. ACQUISITIONS AND PURCHASE PRICE ALLOCATIONS

ITZ Informationstechnologie GmbH, Essen

All shares in ITZ Informationstechnologie GmbH, Essen, has been acquired at the time of acquisition of 1 January 2007.

The company purchase was stated in the balance sheet by using the purchase method (IFRS 3.16 et seq.)

In addition to assets and debts already stated by the acquired company, a customer base (450 th. euros) and customer service contracts (260 th. euros) were newly identified. During the course of capitalising the customer base, which is depreciated over five years, and the customer service contracts, which are depreciated over their residual term, deferred taxes were created in the liabilities (273 th. euros).

With due regard to the total acquired net assets (18 th. euros), the capital consolidation did not give rise to a difference (goodwill).

Established in 1994, ITZ (95 employees) is active in a core business area of Bechtle, the provision of IT consultancy services for selected medium-sized companies as well as several larger companies. The Bechtle Group is thus reinforcing its service activities in the IT system house segment, especially in the area of IT service.

In balance sheet terms, the acquisition at the time of initial consolidation appears as follows:

in th. euros

LONG-TERM ASSETS	
Other intangible assets	710
Property, plant and equipment	809
Other long-term assets	6
Deferred taxes	384
	1,909
SHORT-TERM ASSETS	
Inventories	690
Receivables	1,072
Other short-term assets	309
Liquid funds	111
	2,182
Total assets	4,091
LONG-TERM DEBTS	
Long-term debts	174
Long-term loan debts	35
Deferred taxes	273
	482
SHORT-TERM DEBTS	
Trade accounts payable	1,795
Other short-term liabilities	1,796
	3,591
Total debts	4,073
Total assets	
– Total debts	
= Costs of purchase	18

The costs of purchase gave rise to an outflow of liquid funds at the same amount.

In the year under review, ITZ is included in the disclosed earnings after taxes of the Bechtle Group with a contribution of 150 th. euros. Thereof, –10 th. euros from the tax rate change due to the corporation tax reform in force.

Buyitdirect.com N.V., Hoofddorp, the Netherlands

The time of acquisition of 1 April 2007 also saw the 98.8 per cent purchase of the shares in Buyitdirect.com NV, Hoofddorp, the Netherlands. The further 1.0 per cent of shares was subsequently purchased such that the minority shares of 0.2 per cent were still outstanding as of 31 December 2007.

The company purchase was stated in the balance sheet by using the purchase method (IFRS 3.16 et seq.)

A customer base (1,050 th. euros) was newly identified in addition to assets and debts already stated by the acquired company. During the course of capitalising the customer base, which is depreciated over five years, deferred taxes were created in the liabilities (268 th. euros).

With due regard to the total acquired net assets (2.258 th. euros), the capital consolidation gave rise to a difference of 1,755 th. euros, which is stated as goodwill.

The company Buyitdirect.com N.V. (30 employees), established in 1993, specialises in the online sale of the entire range of popular IT products and software licences in the B2B sector. With this acquisition, Bechtle is significantly reinforcing its presence in the IT e-commerce segment in the Netherlands and will be one of the leading IT e-commerce companies on the Dutch market.

In balance sheet terms, the acquisition at the time of initial consolidation appears as follows:

in th. euros

LONG-TERM ASSETS	
Goodwill	1,755
Other intangible assets	1,050
Property, plant and equipment	76
Deferred taxes	623
	3,504
SHORT-TERM ASSETS	
Inventories	53
Receivables	3,093
Other short-term assets	118
Liquid funds	142
	3,406
Total assets	6,910
LONG-TERM DEBTS	
Deferred taxes	268
	268
SHORT-TERM DEBTS	
Trade payables	2,144
Other short-term liabilities	482
	2,626
Total debts	2,894
Minority interest	3
Total assets	
– Total debts	
– Minority interest	
= Costs of purchase	4,013

The costs of purchase gave rise to an outflow of liquid funds at the same amount. In the year under review, Buyitdirect.com is included in the disclosed earnings after taxes of the Bechtle Group at an amount of 119 th. euros.

Coma Services AG, Bremgarten, Switzerland

All shares in Coma Services AG, Bremgarten, Canton of Aargau, Switzerland, were acquired at the time of acquisition of 1 April 2007.

The company purchase was stated in the balance sheet by using the purchase method (IFRS 3.16 et seq.)

In addition to assets and debts already stated by the acquired company, a customer base (1,231 th. euros) and customer service contracts (385 th. euros) were newly identified. Deferred taxes were created in the liabilities (356 th. euros) as a consequence of capitalising the customer base, which is depreciated over five years, and the customer service contracts, which are depreciated over their residual term.

With due regard to the total acquired net assets (10,530 th. euros), the capital consolidation gave rise to a difference of 137 th. euros, which is stated as goodwill.

Established in 1997, Coma Services AG (70 employees) is the leading service provider of printers and multifunction devices in Switzerland. With this acquisition, Bechtel is completing the range of services offered at its Swiss locations in the IT system house segment and is rounding off its market presence with specialists having nationwide coverage.

In balance sheet terms, the acquisition at the time of initial consolidation appears as follows:

in th. euros

LONG-TERM ASSETS	
Goodwill	137
Other intangible assets	1,616
Property, plant and equipment	1,544
Other long-term assets	16
Deferred taxes	59
	3,372
SHORT-TERM ASSETS	
Inventories	2,182
Receivables	1,809
Other short-term assets	653
Liquid funds	7,029
	11,673
Total assets	15,045
LONG-TERM DEBTS	
Pension provisions	268
Deferred taxes	1,115
	1,383
SHORT-TERM DEBTS	
Trade payables	1,675
Other short-term liabilities	1,320
	2,995
Total debts	4,378
Total assets	
– Total debts	
= Costs of purchase	10,667

The costs of purchase contain an amount, not yet due for payment, of 1,170 th. euros (th. CHF 1,900) that was stated as of 31 December 2007 at 1,147 th. euros (th. CHF 1,900) in the other short-term liabilities. The costs of purchase gave rise to an outflow of liquid funds at the same amount.

In the period under review, Coma Services is included in the disclosed earnings after taxes of the Bechtle Group at an amount of 1,264 th. euros.

SOS Developers SAS, Valbonne, France

All the shares in SOS Developers SAS, Valbonne, France, were acquired in December 2006. Its inclusion in the consolidated financial statements occurred on 31 December 2006 by means of provisional values (IFRS 3.62).

These provisional values have now been adjusted as a consequence of the additional purchase price allocation in the reporting period as follows:

in th. euros

	Provisions values (Consolidated financial statement 31.12.2006)	Adjustments (Period under review)	Adjusted figures
LONG-TERM ASSETS			
Goodwill	1,993	-776	1,217
Customer base	0	1,100	1,100
Property, plant and equipment	69		69
Deferred taxes		24	24
	2,062	348	2,410
SHORT-TERM ASSETS			
Inventories	271		271
Receivables	5,161		5,161
Other short-term assets	65		65
Liquid funds	1,296		1,296
	6,793		6,793
Total assets	8,855	348	9,203
LONG-TERM DEBTS			
Deferred taxes	24	340	364
	24	340	364
SHORT-TERM DEBTS			
Trade payables	3,384		3,384
Other short-term liabilities	930	8	938
	4,314	8	4,322
Total debts	4,338	348	4,686
Total assets			
- Total debts			
= Costs of purchase	4,517	0	4,517

The acquired customer base at 1,100 th. euros shall be depreciated over a useful life of five years from the time of acquisition (31 December 2006).

Details on acceptance of the acquisition as of 01.01.2007

If the companies purchased in the year under review had been purchased at the start of the 2007 business year, this would give rise to the following selected key parameters:

in th. euros

	01.01.–31.12.2007
Revenue	1,395,470
Earnings after taxes	42,106
Earnings per share in euro (pro forma)	1.9832

IX. DETAILS ON RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

Currency risk

Currency risks from financial instruments apply in the case of receivables, liabilities and liquid funds that exist in a currency other than the company's functional currency. The Bechtle Group took out loans in Swiss francs to finance several company take-overs. A change in the CHF/EUR exchange rate can therefore have a significant effect on Group earnings.

In individual cases, the Bechtle Group uses forward foreign exchange transactions to hedge risks from foreign exchange rate fluctuations in the case of receivables and liabilities in foreign currencies. No forward foreign exchange transactions existed on the balance sheet date or in the previous year. Amounts of a minor value were recognised as affecting profit and loss in the income statement in the year under review and the prior year.

The following sensitivity analysis shows the influence of a fall (or increase respectively) in the euro foreign exchange rate on Group earnings before taxes. Consideration is given to changes to the attributable fair values of the financial assets and debts stated on the respective balance sheet date due to the changes exchange rate. Exchange rate related differences from the conversion of contracts in the Group currency have not been taken into consideration.

in th. euros

Effects of a fall (or upgrading respectively) in the euro by 10% compared with	2007	2006
CHF	-906 (+906)	-1,329 (+1,329)
USD	18 (-18)	33 (-33)
GBP	-48 (+48)	94 (-94)

Value changes in the interest swaps are deferred and recognised directly in equity via equity. Because they are insignificant, the effect of a currency change on the valuation of the interest swaps held in Swiss francs is not stated.

Interest risk

The interest risk for the Bechtle Group applies, above all, to the interest revenue generated from its liquid funds and short-term securities.

The variable interest CHF loans taken out to finance several company take-overs in Switzerland are fully hedged in respect of the interest change risk by way of interest swaps as cash flow hedges. Interest changes here are merely recognised directly in equity at the attributable fair value of the assessment of the interest swaps because of the lacking ineffectiveness. Furthermore, there are therefore only a small number of variable interest financial instruments, and with insignificant interest risk, for which a cash flow risk applies due to possible deteriorating interest conditions, and fixed-interest financial instruments with fair value risk due to fluctuating attributable fair values that are conditional on interest rates.

The sensitivity analysis was carried out on the basis of our liquid funds and short-term interest-bearing securities on the balance sheet date, and with due regard to the relevant interest rates in the relevant currencies (EUR, CHF, GBP, USD). A hypothetical drop or increase respectively in these interest rates from the start of the year under review by 100 basis point or one per cent per year (in the case of constant exchange rates) would give decrease or rise respectively to a reduction in our interest revenue of 539 th. euros (previous year: 386 th. euros).

In the case of the interest swaps, such a drop or increase respectively in interest rates would give rise to a change in the attributable fair values totalling –54 or +54 th. euros recorded directly via equity without affecting the operating result (previous year: –137 or +137 th. euros).

Liquidity risk

The liquidity risk from financial instruments arises from future interest and redemption payments for financial liabilities and derivative financial instruments. The following tables show the non-interest-bearing payment obligations of the respective balance sheet items on the balance sheet date and previous year's appointed date in accordance with IFRS 7.

The cash flows of the loans stated in itemisation point III. No. 15, and appertaining interest swaps, have been grouped together as a 100 per cent effective cash flow hedge. For the sake of better co-ordination, the other liabilities item also contains the non-financial liabilities of the balance sheet items.

in th. euros

	Financial liabilities		Trade payables		Other liabilities
	Loans and interest swaps	Other short-term financial liabilities	Non-interest-bearing liabilities	Liabilities from financial leasing	
Book value 31.12.2007	8,925	833	88,148	126	35,477
Cash flow 2008					
Interests	157			2	
Repayment	5,216	833	88,148	119	35,301
Cash flow 2009					
Interests	92				
Repayment	3,709			7	176

in th. euros

	Financial liabilities		Trade payables		Other liabilities
	Loans and interest swaps	Other short-term financial liabilities	Non-interest-bearing liabilities	Liabilities from financial leasing	
Book value 31.12.2006	14,316	150	84,339	511	32,427
Cash flow 2007					
Interests	299			17	
Repayment	5,266	150	84,339	380	31,784
Cash flow 2008					
Interests	155			2	
Repayment	5,266			124	508
Cashflow 2009					
Interests	93				
Repayment	3,784			7	135

Additional details on the risk management and to determine risk concentrations in place at the Bechtle Group for the currency risk, interest risk, liquidity risk and other market risks, including its targets, methods and processes are stated in the management report starting p. 74 ff.

X. EMPLOYEES

The personnel expenses are as follows:

in th. euros

	2007	2006
Wages and salaries	173,176	163,008
Social security contributions and expenses for pension schemes and support	30,077	29,573
Total personnel expenses	203,253	192,581

On the basis of greater knowledge, the classification of the previous year's figure for "Wages and salaries" and "Social security contributions and expenses for pensions schemes and support" have been adjusted.

The employee numbers break down as follows:

in th. euros

	31.12.2007	31.12.2006	01.01.– 31.12.2007	01.01.– 31.12.2006
Full-time staff	3,921	3,607	3,805	3,605
Apprentices	257	222	232	206
Employees on parental leave or military or national Service	72	59	66	57
Assistants	114	104	114	104
Total	4,364	3,992	4,217	3,972

XI. AUDITOR'S FEE

The following fees have been recognised as expenses in the 2007 fiscal year for services rendered by the final auditor, Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, regarding the consolidated financial statement.

in th. euros

	2007
Balance sheet audits	312
Audit-related confirmation services	124
Tax consulting services	6
Other services rendered for Bechtle AG or subsidiaries	30
Auditor's fee	472

The fees for the final audits apply, above all, to the fees for the consolidated financial statements audit and for auditing the financial statements of Bechtle AG and its domestic subsidiaries. The other opinions apply to fees for reviewing annual financial statements of subsidiaries that are not subject to mandatory auditing.

XII. AFFILIATED PARTIES

Transactions with affiliated parties

In accordance with IAS 24, persons or companies that are influenced by the reporting company, or those that can influence the company, must be stated insofar as they have not previously been incorporated in consolidated company in the consolidated financial statements.

As a general rule, affiliated persons in respect of the Bechtle Group include Executive Board and Supervisory Board members of Bechtle AG and their close relatives.

In the period under review, no transactions were entered into with members of the Executive Board, the Supervisory Board or their relatives.

Executive Board members

Ralf Klenk, CEO, Dipl.-Ing. (FH)

Place of residence: Heilbronn

responsible for business planning, business segments (IT system house, IT e-commerce), Corporate Communications, Personnel and IT

- Chairman of the Supervisory Board of Bechtle direkt Holding AG, Neckarsulm, PP 2000 Business Integration AG, Stuttgart
- Member of the Supervisory Board of Volksbank Heilbronn eG

Gerhard Marz, COO, Dipl.-Ing. (until 31 July 2007)

Place of residence: Speyer

responsible for the IT system house segment and Competence Center

- Member of the Supervisory Board PP 2000 Business Integration AG, Stuttgart

Jürgen Schäfer, COO, Dipl.-Kfm. (until 31 July 2007)

Place of residence: Heilbronn

responsible for the IT e-commerce segment and the Logistics & Service division

- Member of the Supervisory Board of PP 2000 Business Integration AG, Stuttgart

Dr. Thomas Olemotz, CFO, Dipl.-Kfm. (from 1 March 2007)

Place of residence: Rabenau

responsible for Finances, Controlling and Investor Relations

- Member of the Supervisory Board of Bechtle direkt Holding AG, Neckarsulm, Bechtle Systemhaus Holding AG, Neckarsulm

Number of shares held in Bechtle AG

	31.12.2007	31.12.2006
Ralf Klenk	182,462	352,462
Gerhard Marz	6,916	6,916
Jürgen Schäfer	4,000	4,000
Dr. Thomas Olemotz	0	0

Executive Board member emoluments

The remuneration of the Executive Board members of Bechtle AG in the year under review totalled 1,409 th. euros. The remuneration comprised a fixed and variable element. The fixed emoluments amounted to 729 th. euros, and variable 680. th. euros

On the basis of the resolution adopted at the Annual General Meeting of 20 June 2006, disclosing Executive Board members' remuneration individually has been waived.

Supervisory Board members

All Supervisory Board details required in accordance with the statutory regulations or a recommendation by the Government Commission on the German Corporate Governance Code are stated in the Corporate Governance Report and in Annex C to the Notes.

XIII. EVENTS FOLLOWING THE END OF THE YEAR UNDER REVIEW

There were no developments of significance following the end of the reporting period.

Neckarsulm, 10 March 2008

Bechtle AG

The Executive Board

// SIGNIFICANT GROUP COMPANIES

as of 31 December 2007 (Annex A to Notes)

Germany

Company	Headquarters	Share of capital in %
Bechtle GmbH	Aachen	100.0%
Bechtle GmbH	Berlin	100.0%
Bechtle GmbH & Co. KG	Bielefeld	100.0%
Bechtle GmbH & Co. KG	Bonn	100.0%
Bechtle GmbH & Co. KG	Chemnitz	100.0%
Bechtle GmbH & Co. KG	Darmstadt	100.0%
ARP Datacon GmbH	Dietzenbach	100.0%
PSB GmbH	Dreieich	98.3%
Bechtle GmbH	Essen	98.3%
ITZ Informationstechnologie GmbH	Essen	100.0%
Bechtle GmbH	Frankfurt	98.3%
Bechtle GmbH	Freiburg	100.0%
Bechtle GmbH & Co. KG	Friedrichshafen	100.0%
Bechtle Finanz- & Marketingservices GmbH	Gaildorf	100.0%
Bechtle GmbH	Hamburg	100.0%
Bechtle GmbH	Hannover	100.0%
Bechtle GmbH & Co. KG	Karlsruhe	100.0%
Bechtle GmbH	Köln	100.0%
Bechtle GmbH	Konstanz	98.3%
Bechtle GmbH & Co. KG	Krefeld	100.0%
Bechtle IT-Systemhaus GmbH	Krefeld	100.0%
TomTech Gesellschaft für EDV und Büroorganisation mbH	Langenselbold	98.3%
Bechtle GmbH	Langenzenn	100.0%
GDA Gesellschaft für Digitale Archivierungstechnik mbH & Co. KG	Mainhausen	100.0%
Bechtle GmbH & Co. KG	Mannheim	100.0%
Bechtle GmbH & Co. KG	Münster	100.0%
BCS-Direkt GmbH	Neckarsulm	100.0%
Bechtle direkt GmbH	Neckarsulm	100.0%
Bechtle direkt Holding AG	Neckarsulm	100.0%
Bechtle GmbH & Co. KG	Neckarsulm	100.0%
Bechtle Logistik & Service GmbH	Neckarsulm	100.0%
Bechtle ÖA direkt GmbH	Neckarsulm	100.0%
Bechtle Onsite Services GmbH	Neckarsulm	100.0%
Bechtle Remote Services GmbH & Co. KG	Neckarsulm	98.3%
Bechtle Systemhaus Holding AG	Neckarsulm	100.0%
PSB Aktiengesellschaft für Programmierung und Systemberatung	Neckarsulm	98.3%
Bechtle GmbH & Co. KG	Oberhausen	100.0%
Bechtle IT-Systemhaus GmbH & Co. KG	Ober-Mörlen	98.3%
PSB IT-Service GmbH	Ober-Mörlen	98.3%
Bechtle Data GmbH & Co. KG	Offenbach am Main	100.0%
Bechtle GmbH & Co. KG	Regensburg	100.0%
Bechtle GmbH & Co. KG	Rottenburg	100.0%

Company	Headquarters	Share of capital in %
Bechtle GmbH	Schkeuditz	100.0%
CSB IT Systemhaus GmbH	Schorndorf	100.0%
Bechtle GmbH	Solingen	100.0%
Bechtle Softwarelösungen GmbH	Stuttgart	100.0%
PP 2000 Business Integration AG	Stuttgart	98.3%
Bechtle GmbH	Stuttgart	100.0%
Bechtle GmbH	Weimar	100.0%
Bechtle GmbH	Würzburg	100.0%

Worldwide

Company	Country	Share of capital in %
Bechtle direct NV	Belgium	100.0%
Bechtle direct s.a.r.l.	France	100.0%
ARP SAS	France	100.0%
Comsoft SOS Developers SAS	France	100.0%
Bechtle direct Ltd.	Great Britain	100.0%
Bechtle direkt S.r.l.	Italy	100.0%
Buyitdirect.com N.V.	Netherlands	99.8%
Bechtle direct B.V.	Netherlands	100.0%
ARP Artikona B.V.	Netherlands	100.0%
ARP Datacon B.V.	Netherlands	100.0%
Artikona Supplies B.V.	Netherlands	100.0%
Comsoft direct B.V.	Netherlands	100.0%
Bechtle direkt GmbH	Austria	100.0%
ARP Datacon GmbH	Austria	100.0%
Bechtle Bern AG	Switzerland	100.0%
Coma Services AG	Switzerland	100.0%
Bechtle Dübendorf AG	Switzerland	100.0%
Gate Informatic AG	Switzerland	100.0%
Bechtle direct AG	Switzerland	100.0%
Bechtle Logistik & Service AG	Switzerland	100.0%
Bechtle Regensdorf AG	Switzerland	100.0%
ARP Datacon AG	Switzerland	100.0%
Bechtle Holding Schweiz AG	Switzerland	100.0%
Comsoft direct AG	Switzerland	100.0%
Bechtle St. Gallen AG	Switzerland	100.0%
Bechtle S.L.	Spain	100.0%
ARP Datacon Ltd.	Taiwan R.O.C.	100.0%

// CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

from 1 January to 31 December 2007 (Annex B to Notes)

in th. Euros

	COST OF PURCHASE						
	01.01.2007	Change in scope of consolidation	Other additions	Differences in currency	Disposals	Transfer restructure	31.12.2007
I. Goodwill	97,663	1,892	1,000	-646	0	0	99,909
II. Other intangible assets							
1. Software							
bought-in software	10,947	0	1,449	-103	684	0	11,609
home-grown software	3,717	0	100	0	1,901	0	1,916
2. Customer base	21,464	2,731	133	-336	1,133	0	22,859
3. Brands	3,266	0	0	-79	0	0	3,187
4. Customer service contracts	1,283	645	0	-7	883	0	1,038
	40,677	3,376	1,682	-525	4,601	0	40,609
III. Property, plant and equipment							
1. Property and buildings	4,778	0	0	0	0	0	4,778
2. Miscellaneous equipment and fixtures	36,759	2,429	8,603	-167	7,723	0	39,901
3. Plant and machinery	52	0	0	0	0	0	52
	41,589	2,429	8,603	-167	7,723	0	44,731
	179,929	7,697	11,285	-1,338	12,324	0	185,249

ACCUMULATED DEPRECIATION AND AMORTISATION							CARRYING AMOUNT		
	01.01.2007	Change in scope of consolidation	Other additions	Differences in currency	Disposals	Transfer restructure	31.12.2007	31.12.2007	31.12.2006
	0	0	0	0	0	0	0	99,909	97,663
	7,848	0	1,307	-10	605	0	8,540	3,069	3,099
	3,673	0	44	0	1,901	0	1,816	100	44
	8,541	0	3,062	-128	999	0	10,476	12,383	12,923
	0	0	0	0	0	0	0	3,187	3,266
	1,042	0	405	-1	883	0	563	475	241
	21,104	0	4,818	-139	4,388	0	21,395	19,214	19,573
	457	0	119	0	0	0	576	4,202	4,321
	22,325	0	8,560	-96	6,224	0	24,565	15,336	14,434
	23	0	4	0	0	0	27	25	29
	22,805	0	8,683	-96	6,224	0	25,168	19,563	18,784
	43,909	0	13,501	-235	10,612	0	46,563	138,686	136,020

// CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

from 1 January to 31 December 2006 (Annex B to Notes)

in th. Euros

	COST OF PURCHASE						31.12.2006
	01.01.2006	Change in scope of consolidation	Other additions	Differences in currency	Disposals	Transfer restructure	
I. Goodwill	90,520	5,790	1,997	-644	0	0	97,663
II. Other intangible assets							
1. Software							
bought-in software	9,236	51	2,013	-63	290	0	10,947
home-grown software	3,717	0	0	0	0	0	3,717
2. Customer base	18,928	2,896	0	-360	0	0	21,464
3. Brands	2,750	600	0	-84	0	0	3,266
4. Customer service contracts	1,200	280	0	-9	188	0	1,283
	35,831	3,827	2,013	-516	478	0	40,677
III. Property, plant and equipment							
1. Property and buildings	6,211	0	30	0	0	-1,463	4,778
2. Miscellaneous equipment and fixtures	35,046	398	8,806	-209	9,258	1,976	36,759
3. Plant and machinery	59	0	0	0	7	0	52
	41,316	398	8,836	-209	9,265	513	41,589
	167,667	10,015	12,846	-1,369	9,743	513 *	179,929

* reallocated to investment property

ACCUMULATED DEPRECIATION AND AMORTISATION							CARRYING AMOUNT		
	01.01.2006	Change in scope of consolidation	Other additions	Differences in currency	Disposals	Transfer restructure	31.12.2006	31.12.2006	31.12.2005
	0	0	0	0	0	0	0	97,663	90,520
	6,236	0	1,838	-28	198	0	7,848	3,099	3,000
	3,585	0	88	0	0	0	3,673	44	132
	5,274	0	3,397	-130	0	0	8,541	12,923	13,654
	0	0	0	0	0	0	0	3,266	2,750
	541	0	697	-8	188	0	1,042	241	659
	15,636	0	6,020	-166	386	0	21,104	19,573	20,195
	726	0	117	0	0	-386	457	4,321	5,485
	22,000	0	8,153	-135	8,367	674	22,325	14,434	13,046
	23	0	4	0	4	0	23	29	36
	22,749	0	8,274	-135	8,371	288	22,805	18,784	18,567
	38,385	0	14,294	-301	8,757	288 *	43,909	136,020	129,282

// MEMBERS OF THE SUPERVISORY BOARD

(Annex C to Notes)

Shareholders' Representatives

	Member since	Occupation	Membership of Supervisory Boards and other Executive Bodies within the meaning of Article 125, Paragraph 1, sentence 3 of the German Stock Corporation Act
Otto Beilharz	20 May 1999	Managing Director	Member of the Supervisory Board – PSB AG für Programmierung und Systemberatung, Neckarsulm Chairman of the Advisory Council – Karl Schüssler GmbH & Co. KG, Bodelshausen
Kurt Dobitsch	20 May 1999	Entrepreneur	Chairman of the Supervisory Board – United Internet AG, Montabaur – Nemetschek AG, Munich Member of the Supervisory Board – 1&1 Internet AG, Karlsruhe – PSB AG für Programmierung und Systemberatung, Neckarsulm – DOCUWARE AG, Munich – Graphisoft S.E., Budapest, Hungary Member of the Administrative Board – Hybris AG, Zurich, Switzerland
Gerhard Schick Chairman of the Supervisory Board	22 March 2004	Businessman	Chairman of the Supervisory Board – Bechtle Systemhaus Holding AG, Neckarsulm – PSB AG für Programmierung und Systemberatung, Neckarsulm Chairman of the Administrative Board – Bechtle Holding Schweiz AG, Rotkreuz, Switzerland
Karin Schick	(02.10.03 - 22.03.04) since 9 August 2004	Clerical Staff Member	
Klaus Winkler	20 May 1999	Managing Director	Member of the Supervisory Board – IMS Gear GmbH, Eisenach Member of the Advisory Council – Dieffenbacher GmbH & Co., Eppingen – Joma Polytec GmbH, Bodelshausen – Reich Spezialmaschinen GmbH, Nürtingen
Dr. Jochen Wolf 2nd Deputy Chairman of the Supervisory Board	2 October 2003	Managing Director	Chairman of the Supervisory Board – Storsack Holding GmbH, Viernheim Member of the Supervisory Board – LTS Lohmann Therapie-Systeme AG, Andernach – r-biopharm AG, Darmstadt – Rixius AG, Mannheim Member of the Administrative Board – E.G.O. Blanc & Fischer-Firmengruppe, Oberderdingen Member of the Advisory Council – Bardusch GmbH & Co. KG, Ettlingen – Strichpunkt GmbH, Stuttgart – Vetter Pharma-Fertigung GmbH & Co. KG, Ravensburg

Employees' Representatives

	Member since	Occupation	Membership of Supervisory Boards and other Executive Bodies within the meaning of Article 125, Paragraph 1, sentence 3 of the German Stock Corporation Act
Udo Bettenhausen	18 January 2007	Clerical Staff Member	
Rüdiger Dibbert	22 June 2007	Senior Clerical Staff Member	
Uli Drautz Deputy Chairman of the Supervisory Board	15 October 2003	Clerical Staff Member	Member of the Supervisory Board – Bechtle direkt Holding AG, Neckarsulm – Bechtle Systemhaus Holding AG, Neckarsulm
Ralf Feeser	15 October 2003 until 21 June 2007	Managing Director	
Barbara Greyer	15 October 2003	Head of IT districts division of the German public service union (ver.di) Baden-Württemberg	
Peter Leweke	15 October 2003 until 17 January 2007	Technical Staff Member	
Daniela Ludewig	15 October 2003	Clerical Staff Member	
Dr. Rudolf Luz	15 October 2003	Chief Representative of the Metal Workers' Union (IG Metall) Heilbronn-Neckarsulm	Deputy Chairman of the Supervisory Board – Kolbenschmidt Pierburg AG, Neckarsulm Member of the Supervisory Board – Rheinmetall AG, Düsseldorf – Wirtschaftsförderung Raum Heilbronn GmbH,

// AUDIT OPINION

We have issued the following opinion on the consolidated financial statements and the Group management report:

“We have audited the consolidated financial statements prepared by the Bechtle AG, Neckarsulm, comprising the consolidated income statement, consolidated balance sheet, consolidated cash flow statement, statement of recognized income and expense and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1 to December 31, 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 are the responsibility of the parent company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit. 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 (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 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, full IFRS and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB 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.”

Heilbronn, March 12, 2008

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Sohler
German Public Auditor

Hieronymus
German Public Auditor

// RESPONSIBILITY STATEMENT BY THE EXECUTIVE BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the earnings, asset and financial position of the Group, and the management report of the Group 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.

Neckarsulm, 27 March 2008

Bechtle AG

The Executive Board

Ralf Klenk

Dr. Thomas Olemotz

// GLOSSARY OF TERMS

SPECIALIST GLOSSARY

BACKUP LINE

An additional line as security, which takes over transporting the data stream in the case of failure of the main line.

FIREWALL

Security component in computer technology consisting of software and hardware. This offers protection against unauthorised access (e.g. from the Internet) and secures data traffic according to a defined code between different computer networks.

FULFILMENT PARTNER

The Fulfilment partner takes over order processing. These services range from order confirmation, to order picking across to the dispatch of goods to the customer.

GREEN IT

Attempts by the IT industry to enable eco-friendly use of information technology throughout the entire lifecycle. In the foreground there is a reduction in energy usage in the production of hardware, the use of eco-friendlier materials and production mediums as well as an energy-efficient configuration of IT infrastructures.

MANAGED SERVICES

Services for the takeover of defined business tasks around the business' IT, such as care of the IT infrastructure. Besides the reduction in costs, it is the managed service provider's task to ensure high availability of the implemented technology and thus guarantee secure functionality of the IT system or IT infrastructure.

OUTSOURCING

Is the relocation of business tasks or structures to third-party businesses e.g. due to cost factors. It is a form of external procurement for an, until now, internally provided service from specialised providers.

OUTTASKING

Outtasking is a form of outsourcing. Only certain IT subtasks, such as IT system maintenance, are outsourced to external service providers, not entire business processes.

REMOTE

The term has found its way into numerous descriptions in IT terminology. Remote services, for example, enable debugging or changing the software parameters via the Internet, without the need to access the affected computer directly.

SECURITY

In IT, this is understood to include all security aspects and measures taken for the protection against unauthorised access (→ see firewall). With aggregated technologies, it is hardware and software solutions, which are used to protect or monitor the IT system.

SERVERS

Central computer (host) in a network, which provides workstations (so-called clients) with certain services and resources, such as Web applications, data and memory and manages the network.

SOFTWARE AND LICENCE MANAGEMENT

Besides automated management, it enables a continuous overview over the software used in the company. It also ensures control over the according application of licensed software.

STORAGE

Increasing amounts of data and different demands on the provided information, from preparation in real-time to the long-term archiving of data, set new technological measures in businesses IT infrastructure. Among others, networks are referred to as storage solutions in the IT sector, which serve as the connection of memory resources, such as hard drive systems and the so-called tape drives.

THIN CLIENTS

Describes (within electronic data processing) an IT system as a network's end device, whose functional equipment (hardware or software components) or technological features are limited to specific parameters.

VIRTUALISATION

Refers to methods that allow you to intelligently partition an IT system's hardware and software resources onto several computers. The individual systems are virtually their own complete computer incl. all hardware elements (processor, drives, RAM, etc.). Software virtualisation can be used for simulating operating systems or applications. In doing so, local implementation of applications without installation is enabled.

FINANCIAL GLOSSARY

ASSET UTILISATION

Ratio of non-current assets to the balance sheet total. The lower the asset utilisation, the lower the volume of capital that is tied up in the long term and the more flexibly a company is able to respond to changing market conditions such as, for example, changes in demand.

BANK GUARANTEE

Guarantee assumed vis-à-vis a third party by a credit institution on behalf of one of its clients.

CAPITAL EMPLOYED

Annual average of long-term tied-in capital employed. Results from equity plus non-current liabilities minus "net financial position" (current securities and cash and cash equivalents minus current financial liabilities).

CAPITAL TURNOVER

Ratio of revenue to the annual average of total capital employed. The higher the capital turnover, the lower the required capital expenditure since capital flows back time and again from the market at short intervals.

CASH FLOW

Difference resulting from the influx and outflow of cash and cash equivalents. The cash flow indicates to what extent a company is capable of investing, repaying debts and distributing profits from funds that it has generated through its business activities.

CASH FLOW PER SHARE

Ratio of cash flow from operating activities to the number of shares issued.

CORPORATE GOVERNANCE

Rules of proper and responsible management. The German Corporate Governance Code contains regulations concerning the management and monitoring of German listed companies. The aim of the Code is to render the corporate management rules applicable in Germany transparent for investors in order to increase confidence in the corporate management of German companies.

D&O INSURANCE (DIRECTORS & OFFICERS INSURANCE)

Third-party liability insurance for pecuniary damage taken out by a company for its Executive Board and Supervisory Board. The Directors & Officers insurance serves to hedge against the consequences of breaches of duty of care without intent or wilful breach of duty with regards to internal and external dealings.

DEBT EQUITY RATIO

Ratio of debt capital to equity. The higher the debt equity ratio and hence the portion of debt equity, the more dependent the company is on external creditors.

DERIVATIVE (DERIVATIVE FINANCIAL INSTRUMENT, FINANCIAL DERIVATIVE)

Financial instrument whose measurement depends on the price history of an underlying asset (base value). Financial derivatives include forward exchange contracts and interest swaps.

DIRECTORS' DEALINGS

Securities transactions by Executive Board and Supervisory Board members of listed public companies and their related parties involving treasury stock. Pursuant to § 15a Securities Trading Act (WpHG), such transactions must be reported to the Federal Financial Supervisory Authority insofar as the sum of all transactions up to the end of the year is in excess of EUR 5,000.

DIVIDEND PAYOUT RATIO

Ratio of dividend distribution to the group earnings after taxes without minority interests.

DUE DILIGENCE

Due diligence entails the systematic assessment of the financial, legal and economic situation of a company including the risks and opportunities. The analysis is a prerequisite for the preparation of the purchase or sale of companies or an IPO.

EBIT (MARGIN)

Earnings before interest and taxes. The EBIT margin results from the ratio of EBIT to revenue.

EBITDA (MARGIN)

Earnings before interest, taxes, depreciation and amortisation. The EBITDA margin results from the ratio of EBITDA to revenue.

EBT (MARGIN)

Earnings before taxes. The EBT margin results from the ratio of EBT to revenue.

EARNINGS PER SHARE (EPS)

Ratio of earnings after taxes without minority interests to the number of shares. Financial ratio for assessing the earning power of a public company.

EQUITY RATIO

Ratio of equity to the total capital employed. The equity ratio is a key ratio for analysing the economic and financial stability of a company. Companies with a high equity ratio are more likely to be able to make investments without debt capital respectively to be able to bear losses.

FORWARD EXCHANGE CONTRACT

Obligation to purchase or sell foreign currency on a date and at a rate agreed in advance.

FREE CASH FLOW

Cash flow from operating activities minus payments for the acquisition of companies (minus assumed cash and cash equivalents) and minus payments for investments in intangible assets and property, plant and equipment (minus incoming payments from divestments). The free cash flow indicates how much money a company has generated after deduction of its expansion and replacement investments and hence has available to disburse to its shareholders (dividend) or to repay the borrowed capital.

FREE FLOAT

Part of the issued shares which are held by shareholders with a low shareholding. Free float exists if an investor does not own more than five per cent of the capital stock of a public company.

IFRS

The “International Financial Reporting Standards” (IFRS) were developed by the “International Accounting Standards Board” (IASB). They aim to harmonise the regulations governing financial accounting for companies in different countries by means of uniform international standards. In the EU, listed companies must publish their consolidated financial statements in accordance with IFRS.

INTEREST SWAP

Agreement between two contract parties to exchange different streams of interest payments with one another. This usually involves fixed and variable interest obligations. Interest swaps are financial derivatives and are generally used to hedge against interest fluctuation risks.

INVESTMENT RATIO

Ratio of investments (see Annex B to Notes: Cost of purchase “Change in scope of consolidation” + “Other additions”) in other intangible assets and property, plant and equipment to the annual average carrying amount of the other intangible assets and property, plant and equipment. A high investment ratio is to be seen as positive since the non-current assets also increase in this way.

MARKET CAPITALISATION

Stock exchange value of a company. Also referred to as stock exchange capitalisation. The market capitalisation is derived by multiplying the share price by the number of shares issued by a company. It is one of the criteria for the inclusion of shares in the German technology index TecDAX.

RETURN ON EQUITY

Ratio of earnings after taxes without minority interests to the annual average of equity shown in the balance sheet. The return on equity indicates the interest on the shareholders’ equity shown in the balance sheet.

RETURN ON SALES

Ratio of earnings after taxes without minority interests to revenue.

ROCE (RETURN ON CAPITAL EMPLOYED)

Ratio of EBIT to capital employed. The ROCE indicates the operational rate of return on the employed or tied-up non-current capital of a company.

SALES PER EMPLOYEE

Ratio of revenue to the annual average number of full-time employees.

SENSITIVITY ANALYSIS

A sensitivity analysis is used to examine how a result responds to changes to underlying basis parameters. By means of marginal analysis, it is possible to determine target values or still permissible values and create risk profiles.

TOTAL RETURN ON CAPITAL EMPLOYED

Ratio of earnings before interest and taxes (EBIT) to the average total capital employed.

WORKING CAPITAL

Inventories plus trade receivables minus trade payables and received prepayments. The working capital indicates what “net assets” a company requires in order to generate revenue. If the working capital is positive, part of the “net assets” must be financed using non-current capital.

// FINANCIAL CALENDAR

// ACCOUNTS PRESS CONFERENCE

27 March 2008, Stuttgart

// DVFA ANALYSTS' CONFERENCE

27 March 2008, Frankfurt/Main

// INTERIM REPORT AS OF 31 MARCH / 1st QUARTER 2008

15 Mai 2008

Conference Call with analysts, investors and media

// ANNUAL GENERAL MEETING

17 June 2008, 10.00 a.m.

Harmonie Concert and Congress Centre, Heilbronn

// DIVIDEND PAYMENT FOR THE FISCAL YEAR 2007

as of 18 June 2008

(subject to approval by the Annual General Meeting)

// INTERIM REPORT AS OF 30 JUNE / 2nd QUARTER 2008

14 August 2008

Conference Call with analysts, investors and media

// INTERIM REPORT AS OF 30 SEPTEMBER / 3rd QUARTER 2008

14 November 2008

Conference Call with analysts, investors and media

Future-based statements

This annual report contains statements that relate to the future development of Bechtle AG. These statements are based on assumptions and estimates. Although the Executive Board is convinced that the forward-looking statements are realistic, no guarantee can be given. The assumptions hide risks and uncertainties that could cause actual events to vary considerably from those which are expected. This applies, for instance, to the future development of the market, the macroeconomic environment and the behaviour of market makers, as well as the integration of recently acquired companies and the realisation of expected synergy effects. Bechtle AG does not undertake any special obligation to update the future-based statements made in this report in order to bring them into line with developments and events that occur after the date of publication of this annual report.

// IMPRINT

PUBLISHED BY
Bechtle AG, Neckarsulm

EDITORIAL AND PRODUCTION
Bechtle AG
Investor Relations & Corporate Communications

LAYOUT AND ILLUSTRATION
Alessandra Dragna,
atelier-2, Ludwigsburg

PHOTOGRAPHY
Niels Schubert, Stuttgart

PRINT
studiodruck Brändle GmbH, Nürtingen-Raidwangen

LITHOGRAPHY
Präsentations-Service, Stuttgart

// INVESTOR RELATIONS

Bechtle AG
Bechtle Platz 1
74172 Neckarsulm

Thomas Fritsche
Phone +49 (0) 71 32/9 81-41 21
Fax +49 (0) 71 32/9 81-41 16
thomas.fritsche@bechtle.com

Martin Link
Phone +49 (0) 71 32/9 81-41 49
Fax +49 (0) 71 32/9 81-41 16
martin.link@bechtle.com

Ute Thamm
Phone +49 (0) 79 71/95 02-24
Fax +49 (0) 79 71/95 02-923
ute.thamm@bechtle.com

This Annual Report is available in German and English. Both versions can be downloaded at www.bechtle.com. An online version is also available on the website. On request, we would be pleased to send you further copies of the printed version free of charge.

The Annual Report 2007 was published on 27 March 2008.

Bechtle AG
Bechtle Platz 1
74172 Neckarsulm

Phone +49 (0 71 32) / 9 81-0
Fax +49 (0 71 32) / 9 81-80 00
ir@bechtle.com
www.bechtle.com