

ANNUAL REPORT
2008

➤ TO REALITY

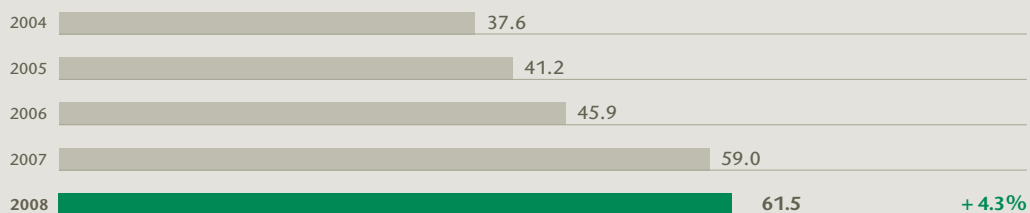
Bechtle – Your strong IT Partner. Today and Tomorrow.



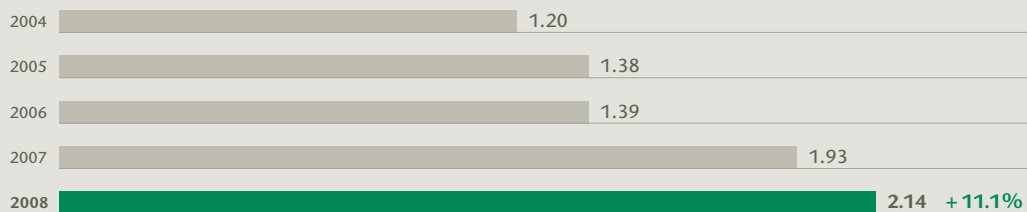
REVENUE in million euros



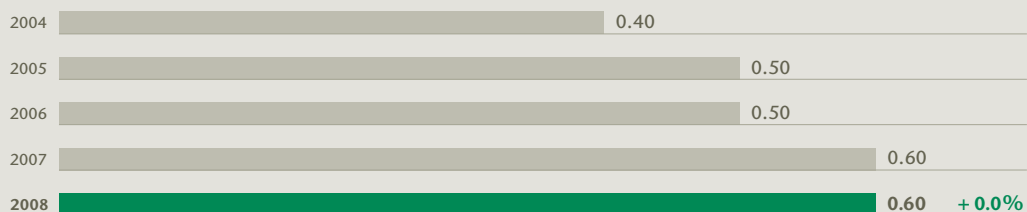
EBT in million euros



EPS in euros



DIVIDEND PER SHARE in euro



EMPLOYEES



		2004	2005	2006	2007	2008	Change in % 2008–2007
Revenue	th. euros	1,088,133	1,178,269	1,220,138	1,383,453	1,431,462	3.5
– IT system house & managed services	th. euros	729,981	811,042	816,998	885,772	927,530	4.7
– IT e-Commerce	th. euros	358,152	367,227	403,140	497,681	503,932	1.3
EBITDA	th. euros	48,965 ⁴	53,121	60,186	71,754	74,139	3.3
– IT system house & managed services	th. euros	25,576	27,510	33,681	42,808	47,846	11.8
– IT e-Commerce	th. euros	23,389	25,611	26,505	28,946	26,293	–9.2
EBIT	th. euros	37,747 ⁴	41,195	45,730	58,253	60,229	3.4
– IT system house & managed services	th. euros	17,812	18,607	22,597	33,065	38,444	16.3
– IT e-Commerce	th. euros	19,935	22,588	23,133	25,188	21,785	–13.5
EBIT margin	%	3.5	3.5	3.7	4.2	4.2	–0.1
– IT system house & managed services	%	2.4	2.3	2.8	3.7	4.1	11.0
– IT e-Commerce	%	5.6	6.2	5.7	5.1	4.3	–14.6
EBT	th. euros	37,564 ⁴	41,172	45,859	59,006	61,533	4.3
EBT margin	%	3.5	3.5	3.8	4.3	4.3	0.8
Earnings after taxes	th. euros	25,274 ⁴	29,286	29,608 ³	40,959	45,428	10.9
Return on sales	%	2.3 ⁴	2.5	2.4 ³	3.0	3.2	7.2
Earnings per share	euros	1.20 ⁴	1.38	1.39 ³	1.93	2.14	11.1
Balance sheet total	th. euros	385,862	413,946	420,758 ³	451,423	496,068	9.9
Working capital	th. euros	82,768 ³	101,009 ³	121,427 ³	134,881 ³	142,490	5.6
Cash and cash equivalents	th. euros	61,497	48,178	36,710	52,300	77,300	47.8
Equity	th. euros	217,161	237,447	249,214 ³	276,465	311,449	12.7
Equity ratio	%	56.3	57.4	59.2 ³	61.2	62.8	2.6
Return on equity	%	13.6 ⁴	13.8	12.9 ³	16.9	16.9	0.0
Total return on capital employed	%	8.0 ⁴	8.3	8.0 ³	10.3	10.7	3.9
Cash flow from operating activities	th. euros	46,222 ³	28,123 ³	26,866	41,993	49,941	18.9
Cash flow per share	euros	2.20 ³	1.33 ³	1.27	1.98	2.36	19.2
Dividend per share	euro	0.40	0.50	0.50	0.60	0.60 ¹	0.0
Dividend payment ratio	%	33.6 ⁴	36.3	35.9 ³	31.1	27.8 ¹	–10.9
Market capitalisation as of 31.12.	th. euros	348,740	347,680	408,100	581,304	289,592	–50.2
Sales per employee	th. euros	363.2	349.5	338.5	363.6	360.5	–0.9
Number of employees as of 31.12. ²		3,232	3,908	3,888	4,250	4,405	3.6
– IT system house & managed services		2,644	3,239	3,077	3,303	3,450	4.5
– IT e-Commerce		588	669	811	947	955	0.8

¹ proposal to the Annual General Meeting

² Full-time employees, trainees, and employees on parental leave or employees doing military or civilian service

³ adjusted figure

⁴ without special item

		1st quarter 01.01.– 31.03.2008	2nd quarter 01.04.– 30.06.2008	3rd quarter 01.07.– 30.09.2008	4th quarter 01.10.– 31.12.2008
Revenue	th. euros	336,856	344,465	345,376	404,765
EBITDA	th. euros	14,975	14,044	20,713	24,407
EBIT	th. euros	11,618	10,964	17,435	20,212
EBIT margin	%	3.4	3.2	5.0	5.0
EBT	th. euros	12,010	11,510	17,848	20,165
EBT margin	%	3.6	3.3	5.2	5.0
Earnings after taxes	th. euros	8,730	8,438	13,283	14,977

CONTENTS

TO OUR SHAREHOLDERS	02 Highlights 2008	
	08 Letter from the Executive Board	
	11 Portrait of the Executive Board	
	14 Report of the Supervisory Board	
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GROUP MANAGEMENT REPORT	23 The Group	23 Group Structure
		27 Business Activity
		32 Corporate Management
		35 Employees
		38 Corporate Governance Report
		49 The Share
		54 Takeover-Related Disclosures
	58 Framework Conditions	
	62 Earnings, Assets, and Financial Position	62 Earnings Position
		74 Assets Position
		78 Financial Position
		80 Strategic Financing Measures
		81 Judgments and Estimates
	84 Risk Report	84 Risk and Opportunity Management
		87 Risks
		93 Overall Risk Assessment
	96 Supplementary Report	
	100 Forecast Report	100 Opportunity Report
		104 Framework Conditions
		105 Group Development
		109 Overall Assessment
<hr/>		
CONSOLIDATED FINANCIAL STATEMENT	111 Consolidated Income Statement	
	112 Consolidated Balance Sheet	
	114 Consolidated Cash Flow Statement	
	115 Statement of recognised Income and Expense	
	116 Notes	
<hr/>		
	186 Audit Opinion	
	187 Responsibility Statement by the Executive Board	
	188 Glossar	
	192 Business Profile	
	193 Bechtle Group	
	195 Financial Calendar	

FROM VISIONS TO REALITY

What makes an enterprise successful?

Excellent team members – the best there are!

Recognising employees as a company's most valuable assets is one thing. Unfolding and promoting their potential is quite another. Stirring enthusiasm for "their" company – that is the key to success.

After all, our employees are the ones who have the expertise needed to keep our product portfolio and our service spectrum up to date. Our employees are sensitive to changes in the market and have the ability to react accordingly. They are in close contact with the customers, identify their needs, and maintain trusting relationships. Every day, they endeavour to go from good to better.

Joint values and a strong corporate culture constitute the most important fundament. Furthermore, Bechtle's progress is driven by visions – visions that become reality!

25 years, and still going strong!

JANUARY > 01



Feed-in
Bechtle commissions one of the largest photovoltaic systems in southern Germany, with a collector area of 2,715 m². On the roof of the logistics centre in Neckarsulm, Germany, the solar system generates an annual output of 381 kilowatts peak (kWp), which corresponds to the annual power consumption of approximately 110 detached houses.

New on Board
After 13 years at T-Systems, Michael Guschlbauer transfers to Bechtle, where he is initially put in charge of the managed services division. From January 2009, he is the responsible Executive Board member for IT system house & managed services.

Kick-off
Almost 300 executive staff members from all locations of Bechtle AG participate in the kick-off event "STRAT". The annual conference is the central platform for the presentation of the strategic orientation of the Bechtle Group.

FEBRUARY > 02



Ground Broken
Bechtle Würzburg celebrates its 15th anniversary and breaks ground for the new company building in the Industrial Zone East in Würzburg, Germany, which will provide an area of 1,000 m² for 80 employees.

Business Presentation
With 750 participants and 44 exhibitors, the "4th Competence Centre Day" is the largest service show of Bechtle AG to date. Apart from lectures and application reports, the show features live presentations of new technologies and innovative solution concepts.

MARCH > 03



Growth
Four years after moving in, construction work on the expansion of the office and logistics buildings commences at the headquarters of Bechtle AG. With the new building, Bechtle will have room for more than 1,000 employees at its group headquarters. The area of the office building will increase to about 19,000 m², and the storage area of the logistics building will grow to about 13,450 m².

APRIL > 04



Expansion
Bechtle takes over BadenData GmbH in Offenburg, Germany, thereby gaining strength in the economically attractive Ortenau district. The system house offers its customers comprehensive service for computer networks. Thus, Bechtle now has its own location in Baden-Württemberg's largest district. The position of managing director is filled by Karl-Heinz Augustin who is also in charge of the Freiburg system house.

MAY >> 05



Winner

Bechtle participates in the Trollinger marathon and half-marathon with an international team of 71 runners. The fastest runner wearing the Bechtle shirt comes in sixth in the overall half-marathon ranking.

Election

Before the Annual General Meeting, the Bechtle employees elect their representatives on the Supervisory Board. Udo Bettenhausen, Uli Drautz, Daniela Eberle, and Barbara Greyer (ver.di) are confirmed in office. New Supervisory Board members: Jürgen Ergenzinger (IG Metall) and Sonja Glaser-Reuss.

JUNE >> 06



Representatives

On 17 June, the Annual General Meeting of Bechtle AG elects Dr. Walter Jaeger as new member of the Supervisory Board and confirms Kurt Dobitsch, Gerhard Schick, Karin Schick, Klaus Winkler, and Dr. Jochen Wolf in office as shareholder representatives.

JULY >> 07



Software

Bechtle presses ahead with the internationalisation of its software specialist Comsoft direct, establishing a new company in Vienna, Austria. The expertise comes from the home base: the subsidiary ARP Datacon has hived off its successful software division to Comsoft direct GmbH.

Foothold

MADRAS Computer Vertriebsgesellschaft mbH is Bechtle's first foothold in the Austrian system house market. The service provider specialises in system integration in the fields of enterprise storage, back-up solutions, IT infrastructure, and security.

High Spirits

On 24 July, Bechtle celebrates its anniversary together with about 530 customers, manufacturer partners, suppliers, long-time companions, and employees in Bechtle's town of foundation, Heilbronn.

Fun

On 26 July, Bechtle stages the largest Family & Friends Day to date with its employees, their families, and friends of the company. For this purpose, Bechtle Platz 1 in Neckarsulm, Germany, is turned into a large fair with numerous attractions for the more than 1,800 guests.

AUGUST >> 08



Success

In an independent survey conducted by the two trade journals "ChannelPartner" and "Computerwoche", companies elect Bechtle AG as the most customer-friendly system house in 2008 in the category of companies whose annual revenues exceed 250 million euros. The purpose of the survey is to determine how satisfied users are with their service provider.

End

With the entry of the exclusion of the minority shareholders in the commercial register, Bechtle completes the squeeze-out procedure at PSB AG, becoming the company's sole shareholder.

Insight

During the annual Bechtle shareholder days, more than 100 shareholders participate in an informative tour of the Neckarsulm headquarters to get a personal impression of their company.

SEPTEMBER > 09



Acquisition I and II

Bechtle takes over Wrede Systemhaus GmbH, which is headquartered in Meschede and has a branch in Soest, as well as Netzwerk Beratung Informationssysteme Duisburg GmbH. Thus, Bechtle further expands its presence in North Rhine-Westphalia, the federal state with the strongest economy.

Acquisition III

By taking over supportEDV GmbH, Bechtle reinforces its position in Vienna, Austria, with another recognised IT infrastructure project specialist. This is the second foothold in the Austrian system house market.

Expansion

With the addition of Ireland, Bechtle's presence in the trading segment spans a total of ten European countries. From Dublin, Bechtle direct offers a comprehensive portfolio for the Irish market.

Award

In the contest for the best annual report, "manager magazin" elects the report of Bechtle AG the winner in the TecDAX.

Training

The number of trainees who embark on their professional career at Bechtle is higher than ever: 87. The young people are trained as management assistants in wholesale, international trade, and IT systems as well as IT specialists for system integration, to name just a few of the more popular professions.

OCTOBER > 10



Buy-back

Following the price slump due to the global financial crisis, Bechtle launches a share buy-back programme. The resolution adopted by the Annual General Meeting is valid until November 2009 and allows the purchase of up to 2.12 million treasury shares.

NOVEMBER > 11



Extension

The new segment name reflects the great importance Bechtle attaches to managed services: "IT system house" becomes "IT system house & managed services". The trading segment continues to be called "IT e-commerce".

DECEMBER > 12



Change

After 25 years, Ralf Klenk, the founding shareholder and previous Chairman of the Executive Board, resigns from his office as CEO of Bechtle. At the same time, Bechtle announces the expansion of the group's Executive Board. As of 1 January 2009, former CFO Dr. Thomas Olemotz is appointed Spokesman of the Executive Board. Moreover, the Supervisory Board appoints two new members to the group's Executive Board: Michael Guschlbauer, who is responsible for the IT system house & managed services segment, and Jürgen Schäfer, who is in charge of the IT e-commerce segment.

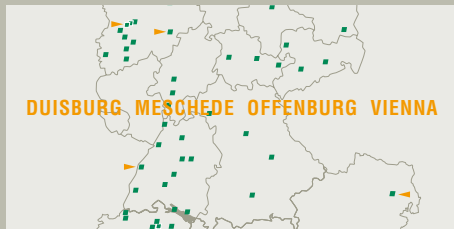
DEVELOPMENT

Well-considered

Since 1992, acquisitions have been part of Bechtle's growth strategy. In this context, regional aspects like the expansion of the geographic coverage and the development of attractive economic zones play a substantial role. Additionally, special qualifications, the filling of a promising niche, or excellent contacts to strategically important customer groups may also suggest an acquisition. Apart from economic considerations, there are other vital questions that need to be answered: Do the people suit Bechtle? Are the corporate culture and leadership philosophy transferable? If the audit of the financial figures, too, yields a positive result, Bechtle may decide to acquire the particular company, thereby expanding its presence.

D-A-CH covered

In the fiscal year 2008, these variables applied in five cases: in Offenburg, in Duisburg, in Meschede, and twice in Vienna. By means of the market entry in Austria, Bechtle has also reached its goal of being present in all German-speaking countries (D-A-CH) with the system house segment.



AWARDS

Customer Award

Two awards that confirm Bechtle's high quality are representative of numerous awards and honours by manufacturers, institutions, and media. Thus, the two trade journals "Channel-Partner" and "Computerwoche" bestowed the Customer Award 2008 on Bechtle. The award designates the company as the most customer-friendly system house in the category of companies whose annual revenues exceed 250 million euros. The ranking was based on a survey of how satisfied users were with their IT service provider.

Best annual report

In the contest for the best annual report, "manager magazin" elected the report of Bechtle AG the winner in the TecDAX. In addition to the actual content, efficiency, and credibility of the report, the independent jury was impressed by the report's layout and linguistic style. The award also provides evidence of Bechtle's sound and reliable information policy, which is aligned with the current needs of the financial market.



TRAINING

Success Rate

The number of trainees who embarked on their professional career at Bechtle in September 2008 was higher than ever: 87. The young people could choose from a total of twelve professions. Among the students of the University of Cooperative Education, trade, business IT, and business engineering were the most popular subjects. At the end of 2008, the number of Bechtle trainees in Germany and abroad amounted to 281.

Trainee Programme

Besides the training, the purposeful promotion of young people is a material element of Bechtle's future oriented HR strategy. In 2008, another building block was added: For the first time, Bechtle implemented a special trainee programme for the public clients division. This programme enables participants to prepare for their future responsibilities in a compact manner, to gain the needed expertise, and to establish a functional interdisciplinary network.



» IN FOCUS

Transparency

They analyse whether the share price reflects the company's value and monitor the interaction of the economic, industry, and company environment. They maintain intensive contacts with the company, go into depth, ask questions, and assess the sustainability. From the insight gained, they derive an investment recommendation. Thus, they also determine Bechtle's perception in the capital market: the financial analysts.

Coverage

In 2008, a total of nine banks regularly published studies and analyses about Bechtle. In the reporting period, Deutsche Bank, Commerzbank, and SES Research joined the ranks of banks that include Bechtle in their coverage. Moreover, the analysts of Berenberg Bank, DZ Bank, Landesbank Baden-Württemberg, Merrill Lynch investment bank, Metzler bank, and WestLB continuously reported about Bechtle's performance and issued their recommendations.



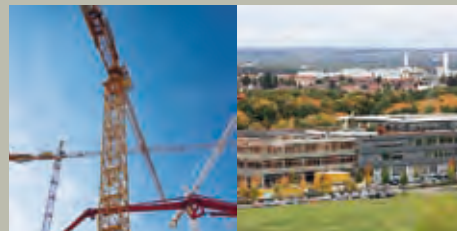
» NEW BUILDINGS

More Space

In 2008, Bechtle had numerous building sites. This shows the growing need for space, the economic stability, and the anticipation of future growth. In Neckarsulm, Germany, the office space at the company headquarters was increased from 14,500 m² to about 19,000 m². At the same time, the storage space in the logistics building was expanded by 2.000 m² to 13,450 m².

Neckarsulm and elsewhere

The company headquarters were not the only location that was expanded: For the Bechtle IT system house in Würzburg, Germany, the relocation to the 1,000 m² building marked the beginning of a new era in the 15-year company history. In Garching, Germany, Bechtle Munich moved to a floor covering 1,300 m² in a newly erected office building. In Stuttgart, Germany, a state-of-the-art floor with more than 1,500 m² in the new Stuttgart Engineering Park was prepared for the company's individual needs. The decision in and for Gaildorf, Germany, was also made in 2008: The construction of a 2,000 m² building started in March 2009. The group finance and address management employees will be relocated there in about a year's time.



» RESTRUCTURING

All Sails Set

Well-managed enterprises have the potential to outperform the market even in times of economic hardship, fierce competition, or difficult framework conditions. "Well-managed" also means making the right decisions concerning the company organisation at the right time. Bechtle completed this restructuring in 2008.

Expanded Executive Team

With the so-called "structure 2006 plus", the strategic business and the operational business were separated from each other at the top executive level. Since January 2009, the group has been headed by three Executive Board Members: Dr. Thomas Olemotz (Spokesman of the Executive Board), Michael Guschlbauer (IT system house & managed services), and Jürgen Schäfer (IT e-commerce) are responsible for the strategic development of the two business segments and of the Bechtle Group as a whole. The operational management of the individual companies continues to be taken care of by the directors, who are responsible for the performance of their units and are supported by the regional division heads. Thus, Bechtle has established a structure that takes the growth of the company into account and forms the basis for the implementation of the Vision 2020.



Bechtle AG

- > By 2020 10,000 employees will create revenues amounting to 5 thousand million euros.

IT System House & Managed Services

- > Leading IT partner to SMBs and the public sector.
- > Full coverage of the D-A-CH region.

IT-E-Commerce

- > Number 1 in Europe.
- > Further international growth – also beyond Europe.



Ladies and Gentlemen:

Can you remember? Compared to today, the world still seemed to be in order one year ago. In the second half of the year, economic forecasts seemed to worsen on a weekly basis. The financial crisis became an economic crisis. These days, entire industries are calling out for government assistance; gigantic economic stimulus packages are being devised around the world. Insecurity is rife – the famous glimmer of hope is more an exception to the rule.

The economic situation is precarious, its course still remains unknown. Against this backdrop, it may even seem inappropriate to refer to our very good fiscal year 2008. However, we look back on what we have accomplished with pride and joy, as well as with necessary reservation in light of the challenges that lie ahead of us.

2008 – a special year for Bechtle in many regards:

It marked our 25th anniversary; ample reason for us to reflect upon the unique development of the company with numerous activities. All this occurred under the motto “From visions to reality”. Consequentially, in 2008 we again consistently focused on transforming our objectives into measurable reality.

We can be very satisfied with the business performance. We again succeeded in continuing the previous success story with another record year. Despite the difficult framework conditions, we increased revenues to 1.43 billion euros. For the earnings before taxes, we were even able to exceed our forecast with 61.5 million euros. The pre-tax margin of 4.3 per cent is thus once again at a remarkable level for the industry. Thanks and recognition for this special accomplishment goes to Bechtle’s more than 4,400 dedicated employees.

Dear shareholders, over the last year, the value of our share suffered noticeably from the crisis on the financial markets. We acted with the resources that were available to us, which is demonstrated by a successful fiscal year, but also by a share buy-back programme that emphasises our firm belief in the future of Bechtle.

As in every year since the IPO, it is important to us to allow you to share in the success of the business and thank you for your trust: for this reason the Executive Board and the Supervisory Board will propose to the Annual General Meeting on 16 June 2009 the distribution of a dividend in the amount of 0.60 euros per share.

Let us again return to 2008, which was a special year in Bechtle history for another reason. In December, company co-founder and previous Chairman of the Executive Board, Ralf Klenk, resigned from the Executive Board after 25 years at the helm of Bechtle. Since the beginning of the current fiscal year, Bechtle AG has been managed by a team of three Executive Board members.

Jürgen Schäfer, an excellent Bechtle insider, is in charge of our IT e-commerce segment. Michael Guschlbauer is responsible for the service-oriented IT system house & managed services segment and is a proven expert with many years of sales experience in this field. I was given the role of Executive Board Spokesman, which also includes responsibility for finances and the central functions. In my personal opinion, an important aspect in filling the positions on the Executive Board is the acceptance and appreciation of the Bechtle culture. What I mean is that all three of us are inspired by the "Bechtle Story". We appreciate the strong entrepreneurial influence and are firmly convinced of the business model's sustainability.

What turns a supposed break into a smooth transition is Ralf Klenk's willingness to actively support the Executive Board team. This is not lip service, but rather practiced, everyday reality – and certainly a truly exceptional type of boardroom change. But it suits Bechtle. Ralf Klenk is personally interested in a smooth change of management, and it is not only for this that we owe him our sincerest thanks.

2009 – looking ahead: How will Bechtle master the difficult economic situation, which is already noticeably characterising the first quarter of 2009?

There is no question that we have a challenging year ahead of us; a year that will possibly even make painful, unfamiliar cutbacks unavoidable. But if we weren't Bechtle, we might resort to resignation and pessimism. This year's strategy conference at the beginning of the year was consciously placed under the key motto "Recognise opportunities – and use them!", a maxim that will accompany us throughout the entire year.

While the current economic framework parameters do not allow for a serious and reliable assessment of company development, our established structure, our broad, industry-independent range of products and services, our recognised high quality of service as well as the very solid financial resources provide the best conditions for keeping Bechtle on course even in a rough overall economic climate.

Demanding goals and visions have characterised the history of Bechtle from the very beginning. They are stimulation, motivation and challenges at the same time. Constructive collaboration between the two highest boards is also responsible for their realisation. The Executive Board would therefore also like to thank the Supervisory Board, which actively accompanies us with its tremendous experience and important momentum.

Ladies and gentlemen, the chapter "From visions to reality" is not over for Bechtle: we have undertaken a great deal for the future. For our "Vision 2020" includes revenue growth to 5 billion euros and an expansion of the workforce to 10,000 employees. We would be delighted if you would continue to place your trust in us along this path.

Yours sincerely,



Dr. Thomas Olemotz
Executive Board spokesman



Dear Sir or Madam:

My decision last December to publicly announce my resignation from the Executive Board at the end of 2008 and not to extend my contract, came as the culmination of careful considerations. Although the motivation to take this step lies in very personal plans for the future, knowing that I would be leaving Bechtle in good hands first gave me the security to put my personal plans for my life into action.

Over the past three years, we have worked very hard to develop a new, sustainable corporate structure – and even more importantly – we have filled it with life. This includes having been able to fill the management positions within this organisational structure with the right people from our own ranks: Dr. Thomas Olemotz, Michael Guschlbauer and Jürgen Schäfer enjoy my fullest confidence. I am convinced that they will continue to write Bechtle's unique success story – certainly with their own signature and new ideas, however always within the framework of the optimum structure that we have now created and on the basis of a unique, proven business model.

Over the last more than 25 years as head of Bechtle, there was hardly any room for goals and plans in my personal life. As the founder of the company, that was never a problem for me. It went without saying – Bechtle was my life. To a certain extent, it will also be that way in the future, for as a founder you never completely leave your company. However, the certainty of being able to become much more involved in important social projects than in the past makes leaving somewhat easier for me.

I am proud of what we have accomplished over the past years. It is amazing how quickly a one-man operation with humble beginnings in Heilbronn became an IT Group active throughout Europe with well over 4,000 employees! For me personally, this was a fulfilled, happy time that I wouldn't have wanted to miss out on. I am grateful for each and every day in "my" company, for many interesting encounters, fantastic success stories and for the certainty of always being able to fully and completely rely on our employees, on their loyalty and commitment.

However, what is most important to me today: I know that I don't have to worry about the future of Bechtle.

Yours sincerely,

Ralf Klenk



Dr. Thomas Olemotz (centre), Spokesman of the Executive Board, Responsible for finance & controlling, corporate communication and investor relations, IT, logistics & service, human resources, and legal

Born 1962, married, two children. Upon completion of his studies in business economics, Dr. Thomas Olemotz entered Giessen University as a scientific staff member. After obtaining his doctoral degree, he first served as assistant to the Executive Board of Westdeutsche Landesbank and then moved on to Deutsche Gesellschaft für Mittelstandsberatung, where he became the division head responsible for mergers and acquisitions. His next professional milestone was a position as head of business development at Delton AG. In this group of companies, Dr. Thomas Olemotz finally assumed responsibility for finance and human resources as member of the Executive Board of Microlog Logistics AG. In March 2007, he was appointed CFO of Bechtle AG.

Michael Guschlbauer (left), Responsible for the IT system house & managed services segment

Born 1964, married, two children. After finishing his training as an office and communication electronics engineer, he first worked in engineering, project management, and pre-sales positions and later transferred to sales. In 1994, Michael Guschlbauer joined DeTeSystems, as a sales representative, then in various management positions, and finally as a member of the Board of Management of T-Systems Business Services, in which capacity he was in charge of the Large Enterprises division, Sales & Service management. In January 2008, he embarked on his career at Bechtle as division head of managed services.

Jürgen Schäfer (right), Responsible for the IT e-commerce segment

Born 1958, married, two children. After his studies of business economics and a job at a medium-sized wholesale company, Jürgen Schäfer joined Bechtle in 1988. He was first responsible for purchasing and organisation and was later appointed director of the Bechtle IT system house in Würzburg, Germany. Subsequently, he successfully established the trading business under the Bechtle direct brand and supervised the European expansion and the consolidation of all trading processes in Bechtle's logistics and service division.

25 YEARS AGO

I dreamed
of constructing
spectacular
buildings.



Today, Concepcion Monedero is responsible for the controlling of *Bechtle direkt* in Spain.

“I like doing creative work, looking beyond the horizon, going new ways. In the past, I wanted to design outstanding, conspicuous buildings. Today, I work in finances. This might sound like boring, pre-structured work. I would disagree. Quite the contrary, combining financial and sales targets in a meaningful way is a considerable challenge. At Bechtle, I was able to set up an excellent team that takes time to think about its work and regularly finds way to go from good to better. This kind of creativity is what characterises us at Bechtle.”





Gerhard Schick,
Chairman of the Supervisory Board of Bechtle AG

REPORT OF THE SUPERVISORY BOARD

In the fiscal year 2008, Bechtle AG recorded a positive business performance despite the increasingly difficult market conditions. In the year of its 25th anniversary, the company further expanded its market position and effectively prepared for future challenges by adopting a suitable organisational structure. Profitable growth continues to be the focal point of Bechtle's activities.

In the fiscal year 2008, the Supervisory Board again meticulously performed all duties imposed on it by law and as required by the articles of incorporation. In particular, this included the increased auditing and controlling obligations as specified by the jurisdiction in recent years. We regularly provided the Executive Board with advice concerning the administration of the group and monitored the company's management and development. We were directly involved at an early stage in all decisions of material importance to the company.

The Executive Board regularly, duly, and comprehensively informed the Supervisory Board orally and in writing about the corporate planning and strategy, the business performance, and the group's position as well as the risk situation and the risk and opportunity management.

Apart from the personal contact with individual members of the Supervisory Board, the Executive Board informed the Supervisory Board about the development of incoming orders, revenue, contribution margin, earnings before taxes, and staff development of the group, the segments, and individual subsidiaries on a monthly basis. Moreover, the past quarter and the short to medium-term perspectives were elaborated at quarterly meetings.

Furthermore, the Supervisory Board actively examined the company. At its meetings, the Supervisory Board regularly looked into the business, revenue, and earnings performance of the group and its segments as well as the financial and assets position, the implementation of the strategy, the risk situation, and the staff development.

These independent auditing and monitoring measures by members of the Supervisory Board especially included the periodic review of the income statements of individual subsidiaries, intensive screening for anomalies, and participation in strategy meetings, directors' conferences, and risk management sessions.

Thanks to the timely and detailed information received from the Executive Board and the independent audits, the Supervisory Board was able to comply fully with its monitoring duties. It was not necessary to review accounts and documents as defined in Section 111 (2) of the German Stock Corporation Act (AktG) beyond the scope of the audit of the annual financial statements.

Meetings and Central Issues

In the reporting period, the Supervisory Board held six plenary sessions: on 5 February, 26 March (balance-sheet meeting for the annual financial statements 2007), 17 June, 22 July, 21 October, and 10 December. Extraordinary meetings did not need to be convened. Even between the meetings, the Chairman of the Executive Board informed the Supervisory Board about any projects that were of special importance to the company or that were urgent. When necessary, resolutions were adopted via circular procedure.

All measures and transactions that required the approval of the Supervisory Board were discussed in detail at Supervisory Board and committee meetings. Thus, at its balance-sheet meeting, the Supervisory Board adopted the annual and consolidated financial statements of the prior year, approved the proposal for the appropriation of retained earnings, and released the final version of the business plan for 2008.

In the past fiscal year, the most important subjects discussed included:

- Organisational and structural changes in the group management, especially in the Executive Board,
- Acquisitions, which totalled five,
- The expansion into the Austrian system house market,
- The further development and expansion of the managed services division, and
- The consistent continuation of the multiple-brand strategy in e-commerce.

Committees

The Supervisory Board has formed three committees. The audit committee (until 17 June: balance-sheet and accounting committee) held four meetings on 25 March, 21 July, 20 October, and 12 November. In 2008, it dealt primarily with the quarterly reports, preliminary audits of the annual and consolidated financial statements, and the review of the risk management system. Moreover, transactions subject to approval, such as acquisitions and long-term contracts as well as corporate governance issues were also addressed at the meetings. In the reporting period, the audit committee also examined and approved the resolution of the Executive Board concerning the share buy-back programme. Apart from resolutions adopted at the meetings, the committee also adopted resolutions via circular procedure.

The personnel committee came together at two meetings on 29 May and 28 November. Its activity focused on the changes in the group management and compensation issues.

The chairmanship of the committees underwent the following changes: Until 17 June, the Chairman of the Supervisory Board presided over the audit committee. Since 17 June, Dr. Jochen Wolf has been the chairman. On the same date, Dr. Jochen Wolf handed over the chairmanship of the personnel committee to the Chairman of the Supervisory Board. In this way, the Supervisory Board followed the recommendations of the German Corporate Governance Code. At the plenary sessions, the Supervisory Board was informed in detail about the work of the two committees.

As in previous years, the arbitration committee pursuant to Section 27 (3) of the German Co-Determination Act (MitbestG) did not need to be convened in 2008.

The Corporate Governance Code also recommends the formation of a nomination committee that is staffed exclusively with shareholder representatives and that proposes suitable candidates to the Supervisory Board for its election proposals to the Annual General Meeting. The Supervisory Board of Bechtle AG has not formed a nomination committee, as it does not consider such to be necessary in view of the board's current staffing.

Staffing of the Supervisory Board and Executive Board

In 2008, the elections resulted in the following changes in the staffing of the Supervisory Board:

On 17 June 2008, the Annual General Meeting elected the previous Supervisory Board members Kurt Dobitsch, Gerhard Schick, Karin Schick, Klaus Winkler, and Dr. Jochen Wolf and, for the first time, Dr. Walter Jaeger to the Supervisory Board as shareholder representatives with a clear majority. Due to his advanced age, Otto Beilharz did not run for another term of office.

The employee representatives were also newly elected before the Annual General Meeting. Rüdiger Dibbert and Dr. Rudolf Luz did not run for office. Accordingly, they departed from the Supervisory Board as of 17 June 2008. The following persons were elected, thereby joining the Supervisory Board from 17 June 2008: Udo Bettenhausen, Uli Drautz, Daniela Eberle, Jürgen Ergenzinger, Sonja Glaser-Reuss, and Barbara Greyer.

At its constituting meeting on 17 June 2008, the Supervisory Board confirmed Gerhard Schick as the Chairman of the Supervisory Board. Uli Drautz was re-elected as Vice-Chairman of the Supervisory Board, and Dr. Jochen Wolf as the second Vice-Chairman.

We have thanked the departed Supervisory Board members for their constructive and qualified contributions and the close and trusting collaboration.

After the end of the reporting period, the following changes took effect in the Executive Board as of 1 January 2009:

At his own request, Ralf Klenk waived an extension of his contract and departed from Bechtle's Executive Board as of 31 December 2008. In the coming months, he will coach the transit to the new Executive Board, after which he will turn his attention to private projects, especially in the social field. We have expressed our sincere gratitude to Ralf Klenk for his excellent work since the establishment of the company in 1983. The evolution from a one-man company to today's group that is active across Europe is a remarkable development for which Ralf Klenk is largely responsible – an achievement that merits great respect.

As of 1 January 2009, former CFO Dr. Thomas Olemotz serves as Spokesman of the Executive Board. He is responsible for finance & controlling, investor relations, IT, logistics and service, human resources, legal and corporate communication. Of the two new Executive Board members, Michael Guschlbauer is responsible for IT system house & managed services, and Jürgen Schäfer for IT e-commerce.

The two new members of the group's Executive Board have been appointed for a term of three years. At the same time, the contract with Dr. Thomas Olemotz has been prematurely extended by five years.

Corporate Governance and Declaration of Conformity

The Supervisory Board intensively reviewed the rules of the Corporate Governance Code. One of the main subjects concerned the amendments in the version of 6 June 2008. To ensure compliance with the German Corporate Governance Code, the Supervisory Board has checked the implementation of the recommendations. In February 2009, the Supervisory Board and the Executive Board renewed the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG). Deviations from the recommendations of the Government Commission are explained in detail in the Corporate Governance Report. The Declaration of Conformity can be accessed permanently at Bechtle's Web site.

Audit of the Annual and Consolidated Financial Statements 2008

The Annual General Meeting designated Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Heilbronn, Germany, as auditors of the annual and consolidated financial statements for the fiscal year 2008. Following the placement of the order by the Supervisory Board, the auditor audited the annual financial statements of Bechtle AG, the consolidated financial statements, and the management report for Bechtle AG and for the Bechtle Group for the fiscal year 2008 including the accounts and the risk management and early detection system and awarded unqualified auditor's certificates. The consolidated financial statements of Bechtle AG have been prepared according to IFRS. The auditor has confirmed that these consolidated financial statements fulfil the conditions for exemption from the preparation of financial statements according to German law. The audit also included the monitoring system for early identification of risks, which is to be set up by the Executive Board. The auditor has confirmed that the installed system serves its purpose.

The documents related to the financial statements, the proposal of the Executive Board for the appropriation of retained earnings, and the auditor's audit reports were duly sent to the members of the Executive Board and discussed in detail in the audit committee and in the board as a whole. The auditor also participated in the balance-sheet meeting on 17 March 2009 and reported in detail about the main focus and key results of his audit. He also provided additional information and answered questions.

After its own audit of the annual financial statements, the consolidated financial statements, the management report, and the group management report, the Supervisory Board agreed with the result of the auditor's audit and approved the annual financial statements and the consolidated financial statements according to the recommendations of the audit committee at the balance-sheet meeting on 17 March 2009. Thus, the annual financial statements of Bechtle AG for the fiscal year 2008 have been adopted pursuant to Section 172 of the German Stock Corporation Act (AktG).

Following its own audit, the Supervisory Board agrees to the proposal of the Executive Board for the appropriation of retained earnings. The Supervisory Board is in agreement with the management report and the group management report of the Executive Board and considers the proposal for the appropriation of retained earnings to be appropriate.

The Supervisory Board is convinced that Bechtle AG is well prepared for the future. By separating the operational level from the strategic level, which is reflected in the new composition of the Executive Board, the company has established a structure that is capable of accommodating the increased size and future challenges. In view of the company's stability and solidity, the Supervisory Board believes that the company has good growth perspectives.

The Supervisory Board would like to express its thanks and appreciation to the Executive Board, the directors of the group companies, and all employees for their work and outstanding commitment. In the past fiscal year, their diligent efforts yielded an excellent result.

On behalf of the Supervisory Board,



Gerhard Schick
Chairman

Neckarsulm, 17 March 2009

25 YEARS AGO

I dreamed of
driving fast cars.



Today, Martin Schneider is product manager for IBM.

"I've always been fascinated with technology. As a child, I was especially fond of cars. The fast ones. My job also has plenty to do with technology and speed, though in a slightly different way. Naturally, my motivation is stimulated by IBM's image and market significance. Being in the lead in technological development and quick development cycles is catching. What also motivates me is the responsibility of achieving substantial revenue growth with my vendor partner. The potential is there, and I want to do my part to exploit it for our benefit."



GROUP MANAGEMENT REPORT

The Group

- 23 Group Structure
- 27 Business Activity
- 23 Corporate Management
- 35 Employees
- 38 Corporate Governance Report
- 49 The Share
- 54 Takeover-related Disclosures

Framework Conditions

- 58 Macroeconomic Environment
- 59 Industry
- 59 Overall Assessment

Earnings, Assets, and Financial Position

- 62 Earnings Position
- 74 Assets Position
- 78 Financial Position
- 80 Strategic Financing Measures
- 81 Judgments and Estimates

Risk Report

- 84 Risk and Opportunity Management
- 87 Risks
- 93 Overall Risk Assessment

Supplementary Report

- 96 Important Events after the Balance-Sheet Date
- 97 Situation at the Time of the Preparation of the Report

Forecast Report

- 100 Opportunity Report
- 104 Framework Conditions
- 105 Group Development
- 106 Overall Assessment

All percentage values, totals, and differences in the Group Management Report have been calculated on the basis of thousands of euros. Thus, rounding differences may occur.

THE GROUP

GROUP STRUCTURE

In the fiscal year 2008, a unique business model with medium-sized businesses as the core target group and decentralised business responsibility contributed substantially to the success of Bechtle AG. The consistently strategy-focused company organisation also played a role in further strengthening Bechtle's market positions.

Legal Structure

The parent and holding company Bechtle AG, headquartered in Neckarsulm, Germany, is responsible for strategic business planning and central duties in the fields of finance and controlling, investor relations, IT computing centre, human resources, quality management, legal and compliance plus corporate communication. The Bechtle Academy serves as the central training base for the employees. The central functions purchasing, warehouse, product management, and catalogue production are handled by Bechtle Logistik & Service GmbH, which also belongs to the holding.

HOLDING STRUCTURE OF BECHTLE AG



Under Bechtle AG, the group has implemented another layer of holding companies in which the business areas and brands of the two reporting segments IT system house & managed services and IT e-commerce are bundled:

- Bechtle Systemhaus Holding AG, Neckarsulm, Germany, supervises all activities of the IT system houses in the northern/eastern, central, and southern regions of Germany and in Austria;
- Bechtle Managed Services AG, Neckarsulm, Germany, supervises all outsourcing services;
- Bechtle Holding Schweiz AG, Rotkreuz, Switzerland, responsible for the activities of the Swiss IT system houses, the trading activities of the *ARP Datacon* companies, and the licensing business of the *Comsoft direct* companies; and
- Bechtle direkt Holding AG, Neckarsulm, Germany, supervises all trading activities of *Bechtle direct* companies.

The structure of Bechtle AG is consistently aligned with the strategy

The above presentation of the legal structure of Bechtle AG reflects the situation on the reporting date and differs slightly from the structure as of the balance sheet date due to name changes. As of the registration in the commercial register on 8 January 2009, PSB Aktiengesellschaft für Programmierung und Systemberatung was renamed Bechtle Managed Services AG.

The legally independent subsidiaries are arranged under the second holding level. Most of the German and Austrian subsidiaries are structured as "GmbH" or "GmbH & Co. KG", and most of the Swiss subsidiaries as "AG". The legal structure of the companies in other countries is similar to that of the "GmbH". Bechtle AG holds 100 per cent of the interests in all subsidiaries, either directly or by means of investment companies. By completing the squeeze-out procedure in August 2008, Bechtle AG acquired all interests in PSB AG. In November 2008, Bechtle AG acquired the minority interests in Buyitdirect.com N.V., which had existed in the fiscal year 2007.

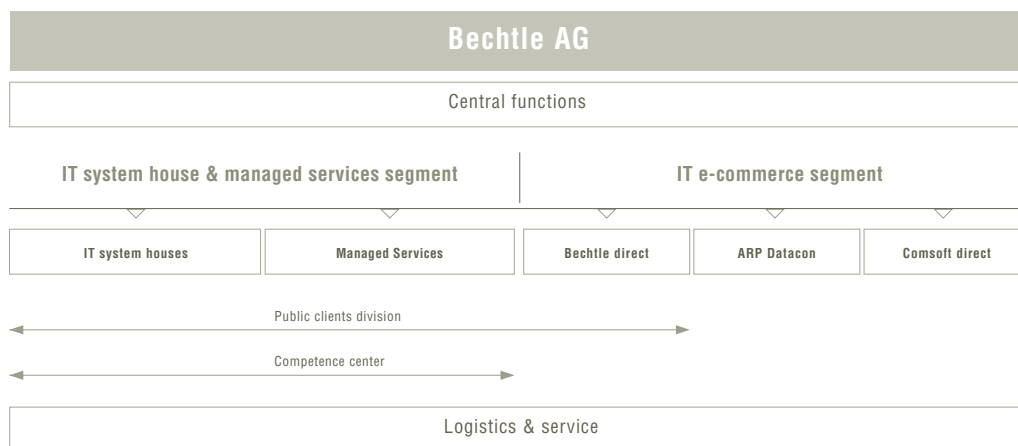
The objective of this two-level holding structure is to relieve the decentralised subsidiaries of the bulk of administrative and cross-company work and bundle competencies and resources, thereby realising synergies and achieving economies of scale in the fields of purchasing and logistics.

By means of the largely completed restructuring of the group into a strategic holding organisation Bechtle has established an important precondition for the company's successful future development. Nevertheless, the legal structure of the Bechtle Group does not yet fully map the company's management and leadership structure. The leadership structure is predominantly aligned with the needs of the operational business. In the medium run, the legal structure is to be largely synchronised with the management structure.

Management Structure

In the past fiscal year, the leadership structures of Bechtle AG were further adapted to the size of the company and market requirements by means of the establishment of additional executive positions and the appointment of new division heads. As in the prior year, two key subjects were highlighted: firstly, the adoption of Bechtle's strategically important decentralisation concept as one of the primary business principles in the system house segment, and secondly, the establishment of scalable, modular structures that are clearly focused on the company's future growth areas.

MANAGEMENT STRUCTURE OF BECHTLE AG



The hierarchical separation of the strategic group management by the Executive Board from the leadership of the operational units remains the key characteristic of the management structure. In this way, Bechtle takes the dramatically grown leadership responsibilities into account and ensures high efficiency in the steering and management of the group. The two business segments IT system house & managed services and IT e-commerce are not only marked by different ways of thinking and structures, they also apply different development strategies for their expansion. Thanks to the extension of the holding board and the new distribution of responsibilities, which was implemented as of 1 January 2009, these two group segments now also have Executive Board members at the strategic level in addition to the Executive Board spokesman, who is responsible for the central functions. Moreover, the segment name "IT system house" was expanded to "IT system house & managed services". With this addition, the company draws the customers' attention to the close relation between managed services and system houses.

In the reporting year, Bechtle also expanded its system house activities by entering the Austrian market. With more than 50 system house locations, the company has come a step closer to the goal of geographic coverage in Germany, Austria, and Switzerland. In the IT e-commerce segment, the group has further expanded its Europe-wide positioning and has established new trading companies in Ireland in the reporting period and in Portugal in March 2009.

The operational units are headed by division heads. Apart from the cross-segmental public clients division, the division heads of the IT system house & managed services segment are responsible for the activities of the Bechtle IT system houses in northern/eastern, southern, and central regions of Germany, Switzerland, and Austria as well as for managed services. In the IT e-commerce segment, they control the trading business of the *Bechtle direct* and *ARP Datacon* brands and the licensing business of the *Comsoft direct* companies.

The central logistics & service division remains under the supervision of the holding board, as do the other central functions finance & controlling, investor relations, IT computing centre, human resources, quality management, legal and compliance, plus corporate communication.

During the reporting period, Bechtle further expanded its structures in the field of software licensing and management. Comsoft direct AG, which was already active in this business field in Switzerland, France, and the Netherlands, gained a new location in Austria. Thus, the international expansion of this area was pushed further ahead. The purpose of this concentration of competencies within the Bechtle Group is to address the ever more complex subject of software licensing with a qualified team of experts who offer customers a cross-vendor, full-service solution portfolio. In Germany, these services are offered directly by the system houses, supported by logistics & service. In Switzerland, *Comsoft direct* supports the Bechtle branches in this field; in the other countries, it operates independently in this market.

Locations

The group headquarters of the Bechtle Group is located in Neckarsulm, Germany. Apart from the Bechtle AG, the central units are also situated here. The finance department is located in Gaildorf, Germany.

In the consulting-intensive service business of the IT system house & managed services segment, on-site customer contacts are vital. For this reason, Bechtle has a dense network of IT system houses in more than 50 locations in Germany, Austria, and Switzerland. In this structure, the directors of the operating subsidiaries act in the capacity of independent entrepreneurs with a high level of personal responsibility in their local markets. In this context, a consistent earnings-oriented compensation system supports and promotes the entrepreneurial activities of the directors.

In the past fiscal year, Bechtle AG again reinforced its market coverage in the German-speaking system house segment by means of acquisitions. The group further expanded its presence in Germany by taking over BadenData GmbH, Netzwerk Beratung Informationssysteme Duisburg GmbH (nbi), and Wrede Systemhaus GmbH. In Austria, the market launch took place in 2008 by means of the acquisition of supportEDV GmbH and Madras GmbH.

However, due to the achieved wide geographic coverage of the Bechtle Group, it is also necessary to continually review the efficiency and effectiveness of the location structure. Thus, in the past fiscal year loss-making locations in Switzerland and Germany were either closed or consolidated. On the reporting date, the group had 44 IT system houses in twelve federal states in Germany. In Switzerland, Bechtle AG has ten system house locations in eight cantons and two in Vienna, Austria.

Following to the launch of Bechtle Direct Ltd. in Ireland in September 2008 and Bechtle direct Portugal, Sociedade Unipessoal Lda in early March 2009, Bechtle AG now has subsidiaries in the IT e-commerce segment in eleven European countries.

Bechtle AG owns approximately 80 operating companies and investments, which are listed on pages 178-179. The majority of the IT system houses, branches, and service and trading companies are located in Germany and Switzerland. The largest of the almost 70 locations in Europe is at the same time the location of the company headquarters in Neckarsulm, Germany, with more than 800 employees.

Market position strengthened by means of selective acquisitions

BUSINESS ACTIVITY

Bechtle AG, established in 1983, has more than 50 IT system houses in Germany, Austria, and Switzerland. The company is one of Europe's leading IT e-commerce providers, with trading companies in eleven countries. Bechtle offers its 56,000+ predominantly medium-sized industry, service sector, and public sector customers a full cross-vendor range of IT infrastructure and IT operation solutions from one source.

Segments

Bechtle AG runs its operations under the two segments IT system house & managed services and IT e-commerce. In the IT system house & managed services segment Bechtle provides customers with IT strategy consulting services, hardware and software, project planning and roll-out, system integration, IT services, training, and complete IT operation. The IT e-commerce segment comprises the group's Internet, catalogue, and phone-based trading activities. With the brands *Bechtle direct*, *ARP Datacon*, and *Comsoft direct*, Bechtle applies a multiple-brand strategy in this segment.

Service Spectrum and Processes

The Bechtle Group is a service and trading enterprise. Bechtle's service offer in the IT system house & managed services segment spans the entire IT value chain. The service offer is characterised by the fact that Bechtle is a "one-stop provider". Each solution is assembled according to customer needs and wishes. By means of the individual composition of an offer from various services in combination with hardware and software, Bechtle is capable of elaborating an individual solution for each and every customer. The service portfolio is subject to ongoing review and adaptation to market and customer requirements. In the reporting period, the group mainly expanded its range of managed services.

**Managed services
further expanded**

By means of managed services, Bechtle assumes the responsibility for defined operating tasks related to the customers' IT. In this context, fine-tuned service level agreements ensure the availability of the IT infrastructure. Bechtle guarantees optimum operability of the IT systems over the entire life cycle with remote operation or on-site supervision of servers, clients, printers, and networks on the basis of standardised operating concepts and holistic user services for the customer IT infrastructure. The technical solutions are complemented by individual financing models such as leasing.

Bechtle has developed the Bechtle medium-sized business concept (Bechtle Mittelstands-Konzept – BMK) especially for the needs of local medium-sized businesses. The growing dependence on IT is accompanied by a growing risk of major financial losses in the event of failures. Small and medium-sized companies often lack the resources needed to cover all specialised IT areas. At the same time, legal requirements are increasing due to the growing complexity of IT systems. The BMK addresses these challenges. With this offer, Bechtle shoulders the entire IT responsibility for companies with up to 200 PC workstations at a fixed monthly price. At affordable costs, customers benefit from state-of-the-art technology and guaranteed professional, fail-safe IT operation.

**Central bundling of expertise
for special subjects**

The competence centres constitute an important pillar of Bechtle's service portfolio. The market has a greater demand for particular services. In order to be able to offer customers the latest expertise for these services, the Bechtle Group bundles this know-how in competence centres. Within the framework of the reorganisation of the internal structure, Bechtle has pushed the focus of the core business fields ahead, reducing the number of competence centres from 20 in the fiscal year 2007 to twelve in the past reporting period. In their capacity as internal service units, these competence centres render services for all locations.

The custom-tailored seminar concept of the 19 Bechtle training centres in Germany is precisely tuned to the needs of the market. The offer covers a wide spectrum, with more than 10,000 seminar dates and almost 200 hot topics. For customers with several branches, this presence enables uniform training on site.

In the IT e-commerce segment, the specialised IT reseller Bechtle offers a full range of more than 37,000 IT products of about 300 manufacturers. To a limited extent, *ARP Datacon* also offers products under its own label.

The bios shops (bios® = Bechtle Information & Ordering System) represent one of the highlights of *Bechtle direct*. These Web-based customer shops contain an individually configured product offer. In this way, bios customers can ensure uniformity of the IT infrastructure in all purchase orders. As of the end of 2008, *Bechtle direct* had about 15,000 active bios accounts.

**Central logistics ensure
maximum transparency of prices
and availability**

In the highly process-dependent IT e-commerce segment, Bechtle has established lean work-flows that are of great significance for the success of this segment. In certain aspects, the underlying processes are even part of the actual service. For example, many of the purchase orders in IT e-commerce are handled according to the fulfilment principle: Bechtle forwards incoming purchase orders directly to manufacturers or distributors, who then ship the goods to the customers. Bechtle ensures the shipping quality – which is mainly determined by the speed – by means of agreements with partners and regular audits. By applying the fulfilment principle, Bechtle keeps its stock level low, thereby reducing the risk of devaluation of IT products, which are characterised by very short innovation cycles. Customers benefit from short delivery times: purchase orders received by 4:30 p.m. are usually shipped on the same day and delivered on the next day. Lean processes and efficient logistics give the company a competitive edge in the trading business. The centralisation of the product management, purchasing, and warehouse guarantees market-oriented, attractive prices and quick delivery. Bechtle controls all these sub-areas for all EU countries from its logistics centre in Neckarsulm, Germany.

Another key business process concerns the goods and pricing system and the uniform product database, which is accessed by all European subsidiaries. Every night, the European pricing system (EPS) developed by Bechtle loads more than 2.3 million pieces of pricing and availability information from IT manufacturers and distributors and calculates the respective national prices. Suppliers are primarily selected on the basis of the lowest price and the ability to ship immediately across Europe. Market-related product information is automatically updated online for the country-specific Web shops.

Apart from the online shops, the Bechtle catalogue is also today the second important sales channel in the trading business. Twice a year – in March and September – the catalogue will henceforth be released in eleven country versions with average print run of 150,000 copies per issue.

The 900-page catalogue with detailed specifications, product images, prices, and direct references to suitable accessories is the ideal supplement to the central online product database. Since the release of the first issue in 1991, the catalogue has developed into a recognised standard reference work in the industry.

In the course of the year, Bechtle AG also intensified its activities in the field of software licensing and management. The *Comsoft direct* companies, which operate in this segment in four countries, offer customers a cross-vendor, full-service solution portfolio for software licenses. *Comsoft direct* supplies enterprises of all sizes with custom-tailored software products, solutions, and services. The offer covers the entire software life cycle, including consulting, sales, procurement, maintenance, and project management. The importance of this know-how is on the rise, as manufacturer licensing and pricing models are becoming more and more complex. Customers increasingly demand this competency especially with respect to service-oriented architectures consisting of diverse software modules with countless licensing models. *Comsoft direct* selects the most suitable licensing models from its extensive spectrum and enables customers to use their software applications as effectively and inexpensively as possible. The offer in this business area also includes the analysis of the customer's licensing situation in order to identify and eliminate illegal underlicensing and unnecessary, cost-intensive overlicensing.

Research and Development

As a pure service and trading company, Bechtle is not involved in any research activities. Development activities are only conducted to a very limited extent, and principally for internal purposes. Due to the limited scope and the negligible economic significance of the development work, Bechtle does not report any R&D figures.

In the reporting period, the development work involved the maintenance and update of the Web shop and of BELOS, an internally created application. The BELOS resource management software is used for planning and conducting events, training, and meetings. The software was prepared to meet internal needs and is marketed only to a limited extent. It is subject to regular maintenance and ongoing development.

The online solutions of the existing Web shops of *Bechtle direct* and *ARP* were developed internally by Bechtle in 1995. Since then, a team of programmers has taken care of the continuous maintenance and further development of the e-commerce platform and the implementation of new countries, such as the market launch in Ireland and the current market launch in Portugal.

Apart from this, no major development work was done in the reporting period.

Markets

Bechtle's core target group consists of medium-sized businesses. Bechtle defines the size of businesses according to the number of PC workstations. Local medium-sized businesses are customers with 20 to 50 PC workstations, regional medium-sized businesses are companies with 50 to 250 PC workstations, and upper medium-sized businesses are enterprises with 250 to 2,000 PC workstations. Though Bechtle does not cater for private customers, the *ARP Datacon* companies still serve this customer segment to a minor extent.

This size and potential-related segmentation of medium-sized businesses is the only demarcation of Bechtle's market. Within the defined size limits, all companies are potential Bechtle customers, regardless of the industry they belong to.

Despite the basically industry-independent marketing approach, two industry specialisations have emerged in Bechtle's clientele. These are the result of the peculiarities of the respective markets, and they are partly taken care of separately in the company. One of these is the public clients division, which, as an internal service unit, supports the decentralised system houses in the processing of public request for tenders. In view of the complexity of this customer segment, which can be seen in areas such as the tender process, such a specialisation is a must. Moreover, Bechtle markets special offers intended exclusively for the savings banking sector.

Geographically, Bechtle's IT system house & managed services segment operates exclusively in Germany, Austria, and Switzerland. In the IT e-commerce segment, the Bechtle Group is active all over Europe.

Competitive Position

According to information of the Federal Statistical Office, approximately 65,000 IT companies that differ greatly in terms of size, service spectrum, and specialisation offered their products and services in Germany in the reporting year 2008. Most of these companies merely operate on a local scale and seldom exceed annual revenues of 5 million euros. According to the Federal Statistical Office, the group of medium-sized IT companies with annual revenues of approximately 50 to 250 million euros comprises about 200 companies. Only about 10 to 15 companies, including Bechtle, are on the list of larger system houses that are active in Germany.

In Germany, Bechtle enjoys an excellent market position. According to the professional ChannelPartner media platform, Bechtle ranks second among vendor-independent German system houses in terms of the domestic revenue and is far ahead of the lower-ranking companies. The competitive strength is even more important than the revenue figure. According to a survey ChannelPartner conducted among German system houses for the purpose of identifying the most significant competitors, Bechtle was the most frequently mentioned company.

In another independent survey of the specialised magazines ChannelPartner and Computerwoche, user companies elected Bechtle AG as the most customer-friendly system house in 2008 in the category of companies whose annual revenues exceed 250 million euros. The participants rated the overall quality of Bechtle's work as "good", thereby acknowledging the performance of Bechtle AG. Almost 1,700 projects were evaluated in the three-week online survey. Among other things, the questions focused on the quality of the offer of the selected system house. The quality of the project roll-out was determined on the basis of statements about the project management, communication, reaction times, and competency. Adherence to deadlines, a good price/performance ratio, and the support after the completion of the project (maintenance, training, etc.) also formed part of the basis for the rating.

Bechtle has an excellent market position

According to its own information, Bechtle is the market leader in the system house business in Switzerland. In the reporting period, Bechtle AG entered the Austrian market by means of acquisitions. While small and medium-sized businesses jointly account for the largest market share in Germany, Austria, and Switzerland, it is obvious that especially medium-sized providers are trying to consolidate their activities by means of mergers and acquisitions, and large providers are expanding their market position at the cost of the smaller providers.

In the IT e-commerce segment, the group considers its market position to be outstanding in Germany and Switzerland and stable in the other European countries.

Environmental Protection

As a trading and service company, Bechtle AG is less affected by environmental protection requirements than manufacturing companies. Nevertheless, Bechtle is committed to environmental protection. As far as possible, the group endeavours to employ its resources in a responsible manner.

The company does not offer any products containing hazardous or potentially hazardous substances that could endanger the environment or consumers. Bechtle requires its suppliers to comply with the EU directive 2002/95/EC on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS) of March 2003. In addition to the agreement, all purchased components are regularly inspected in order to make sure that they do not contain any hazardous substances. Bechtle ensures eco-friendly disposal of the products at the end of their life cycle, thereby fulfilling its obligations under the German Electrical and Electronic Equipment Act (ElektroG). This company has been listed in the waste electrical equipment register (EAR) since 2005.

Bechtle attaches a lot of importance to green IT. This year alone, Germany's computing centres consumed the equivalent of the entire annual production of about three medium-sized coal-fired power plants. Recent estimations suggest that the number of servers will increase by another 50 per cent by 2010, resulting in even more power consumption and CO₂ emission. Bechtle AG responds to this growing need for low-consumption IT products with an increased service and product offer of eco-friendlier and more economic IT environments. From consulting to procurement to implementation, Bechtle covers all stages of the economic and ecological optimisation of IT infrastructures. Thus, computing centres are analysed for their energy consumption and possible savings potential. For example, savings can be achieved through server virtualisation and consolidation. Furthermore, Bechtle's current product offer features various energy-saving products, such as thin clients.

Bechtle's contribution to environmental protection is not limited to its core business. The extension to the logistics building in Neckarsulm, Germany, was accompanied by further expansion of the photovoltaic solar system that was commissioned in January 2008. Thus, the total capacity of this eco-friendly system was increased from 380 kWp to 450 kWp.

CORPORATE MANAGEMENT

Quality criteria like customer satisfaction, service competency, and motivation as well as quantity figures like incoming orders, contribution margin, and profitability are key performance indicators of Bechtle. In this way, the objective – to achieve profitable growth – is firmly rooted in the group's management processes. Apart from other individually agreed targets, this objective also serves as an important criterion for the performance-oriented compensation of Bechtle's employees.

Objectives and Strategy

In 2000, the year of the IPO, the Executive Board presented the Vision 2010 for the first time as the long-term growth strategy of the Bechtle Group. The purpose of this strategy was to reach revenues of 2 billion euros and an EBT margin of approximately five per cent. In 2007, the Vision 2020 was added to these goals, which have since become medium-term goals. According to this vision, Bechtle intends to achieve a group revenue of 5 billion euros with 10,000 employees.

Bechtle plans further organic growth by means of higher-quality services and a suitable hardware infrastructure and software portfolio as part of a customer solution. To this end, the company is making a concerted effort to expand its offer, partly using its own resources, partly in collaboration with key manufacturers. The objective is to provide innovative, solution-oriented concepts for the IT of medium-sized customers, thereby gaining a visible edge over competitor offers.

Further growth is to be supported by means of attractive acquisitions or selective establishment of new companies. In this way, Bechtle AG wants to increase its geographic coverage with IT system houses in the German-speaking market and its international presence via IT e-commerce companies in European countries. The acquisitions focus is on small to medium-sized businesses of which Bechtle can take over 100 per cent of the shares. Main points of interest are the addition of IT-specific competencies and the intensive processing of strategically important regional markets for the purpose of gaining market shares.

In the IT e-commerce segment, Bechtle pursues a consistent internationalisation approach on the basis of a multiple-brand strategy. The company is already present with two brands in five European countries. By means of these two brands, the presence in Europe is to be further expanded. Bechtle also believes that there is substantial potential for long-term growth in Asia and South America.

The number of employees, too, is to grow in line with the presented corporate expansion goals. According to the medium-term planning, the number of employees is to be stepped up to about 5,000, depending on the growth rate.

Acquisitions are part
of the growth strategy

Systems and Instruments

The Executive Board of Bechtle AG is responsible for the overall planning and realisation of the group's long-term targets. The main objective of the company development is to effectively increase the company value through profitable growth.

The short and medium-term planning for the management of the operational units and the resulting measures are derived from the long-term corporate planning. However, they are also aligned with the development of competitors and of the market environment. For the employees of Bechtle AG, the top priority is to achieve growth and profit through satisfied customers and to attain market leadership at the company's location.

Revenue, revenue growth, earnings before taxes and earnings before taxes in relation to the revenue (EBT margin) are relevant key performance indicators. Individual profit sharing schemes are applied to enhance the employees' commitment to agreed targets.

At annual strategy conferences, the Executive Board presents measures and measurable milestones by means of which Bechtle strives to reach its goals. Additionally, individual planning meetings are held with the directors of the IT system houses and IT e-commerce companies. All individual planning elements collectively form the basis for the overall annual planning of the Bechtle Group.

The operational targets and duties derived from the individual meetings are communicated by the directors in the respective individual companies and divisions of both segments and form the basis for the individual performance targets of the employees. The development during the year is continuously analysed with the help of database-supported management instruments. Thus, the management can promptly initiate suitable measures in the event of any deviations from the plan. The assessment takes place in the form of a benchmark test with the help of the Bechtle scorecard, which transforms various performance criteria into a performance ranking that is transparent for all companies and divisions. Additionally, the operational development of all IT e-commerce companies is collected and analysed in a special software tool called European Sales Cockpit (ESC).

In addition, the group regularly assesses the business performance – also compared to other locations – using the Executive Information System (EIS) to provide the operational units with detailed monthly reports with standardised profitability ratios in relation to incoming orders, revenues, and contribution margins. Moreover, some of the subsidiaries have their own management system for the operational control of their sales activities. This system comprises effectiveness indicators and order and customer-related parameters that enable direct assessment of the business performance. Apart from the experience of the sales staff with respect to the customers' demand behaviour and investment affinity, the development of the purchase prices and of incoming orders are regarded as mission-specific early indicators for the due assessment of the business performance.

Within the scope of the management of the companies, key financial ratios like the cash flow, working capital, capital turnover, investment quota, and return on capital employed (ROCE) are used in addition to the direct business indicators. Thus, for example, the development of the main influencing factors of the cash flow are made available to all directors with operational responsibility in the form of a cash-flow cockpit on a monthly basis in order to facilitate an early response to potential undesirable trends.

**Controlling on the
basis of informative KPIs**

Besides EIS as the central management information system, Bechtle AG uses two ERP (enterprise resource planning) systems, Navision Financials and SAP®, within the scope of the resource-oriented management. All accounting, controlling, and central logistics management processes are integrated in SAP. The optimum mapping of business processes and the standardisation of the utilised management instruments are key criteria for the design of the implemented IT. In this way, it is ensured that the leadership structure and the employed systems remain freely scalable to accommodate further growth of the company.

Monthly (income statement, balance sheet) and quarterly financial statements (income statement, balance sheet, cash flow statement), which are made available to the executive staff for their respective fields of responsibility in the SAP system, enable a comparison with the economic position in the past as well as with plan values in order to identify negative developments at an early stage. The Financials ERP system serves as an enterprise resource planning and sales information system at all locations. The two interlinked systems collect information pertaining to the sales success, such as the status of the sales process phases, the coordination of tasks in the sales team, and billing and shipping of the goods, and deliver relevant figures (such as the customer contact frequency, the order total, and the contribution margin per sales rep).

At group level, the consolidated data for all operational units from the various reporting systems are used for the early identification of target/actual variances.

However, many of the success-critical factors that affect the sustainable growth of the Bechtle Group can only be quantified indirectly or not at all. This includes factors such as the brand reputation, customer satisfaction, staff qualification and experience, leadership qualities, and corporate culture, which can only be described qualitatively, if at all.

To get a better picture of the reputation in the market, Bechtle's management takes advantage of surveys and assessments of professional media, industry associations, and market research institutions. Among other things, the results of these studies are used within the scope of the strategic planning in order to ascertain the company's image in relation to competitors. The "customer satisfaction" factor, however, is analysed in both company segments at regular intervals. The results serve as indicators for the quality of the customer loyalty and are used internally to coordinate sales activities. In connection with purposeful training of the employees, these analyses help Bechtle to continue to provide customers with professional, competent consulting services. Personnel-related data like fluctuation and qualification details are used as internal key performance indicators. The goal is to systematically develop the employees in all fields of qualification and to increase the motivation in order to improve employee loyalty.

EMPLOYEES

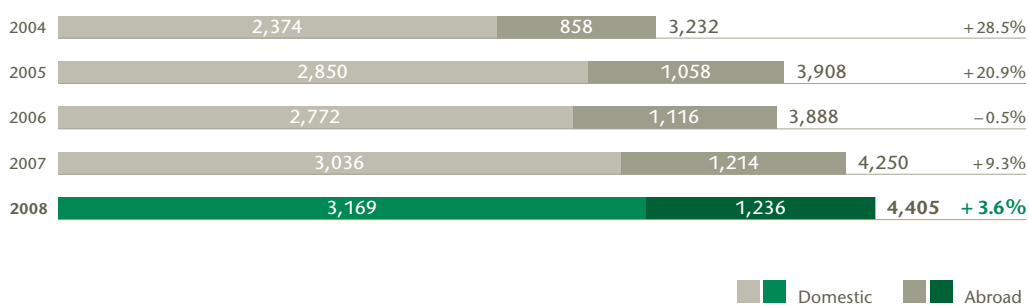
In 2008, Bechtle's HR work again concentrated on long-term personnel planning and retention, training of young people, systematic employee promotion, and executive staff development.

Staff Development

As of 31 December 2008, the Bechtle Group had a total of 4,405 employees in ten European countries. Compared to the prior year (4,250 employees), the number of employees increased by 155 or 3.6 per cent. On average, 4,288 employees worked for Bechtle during the reporting period. This represents an increase of 185 employees or 4.5 per cent over the prior year (4,103 employees). The increase in the number of employees in the group is the result of acquisitions and new recruitment.

By the end of the year, the workforce in Germany had increased to 3,169 employees. This figure is 4.4 per cent higher than that of the prior year (3,036 employees). The number of employees in other countries increased by 1.8 per cent from 1,214 to 1,236. All in all, 71.9 per cent of the employees work in Germany (prior year: 71.4 per cent), and 28.1 per cent are employed at the foreign companies (prior year: 28.6 per cent).

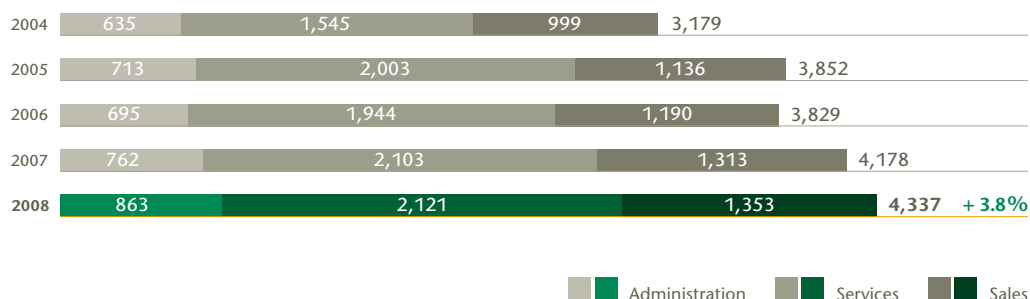
REGIONAL DISTRIBUTION OF EMPLOYEES as of 31 December 2008



The staff figures comprise all employees (except for temporary personnel), including those on parental leave and those doing military or civilian service.

In terms of fields of activity, 863 employees of the entire group worked in administration, 101 more than in the prior year. The workforce went up by 18 to 2,121 employees in the service division and by 40 to 1,353 employees in the sales division. The increase in the administration division is mainly the result of the new management and organisation structure implemented in the reporting period, which necessitated the establishment of additional positions in view of the size of the company.

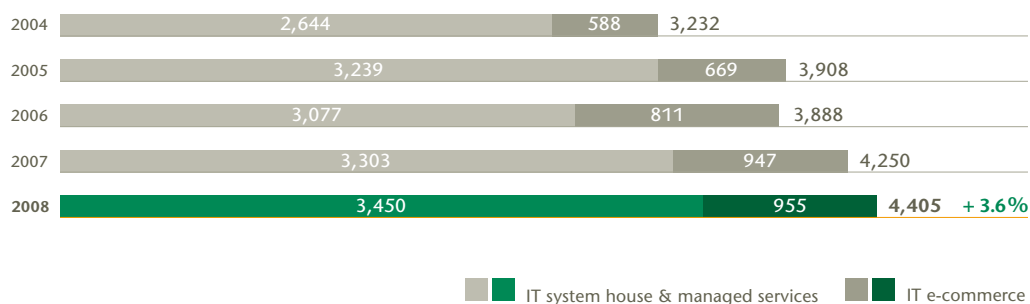
EMPLOYEES BY DIVISIONS as of 31 December 2008



For internal costing reasons, the staff information by divisions does not take those on parental leave and those doing military or civilian service into consideration.

At the business segment level, IT system house & managed services experienced the greatest increase. As of the end of the year, 3,450 employees worked in this segment, compared to 3,303 in the prior year. The number of employees in the IT e-commerce segment amounted to 955 (prior year: 947). For the system houses, this corresponds to an increase of 4.5 per cent over 2007. In the IT e-commerce segment, the intensified new recruitment in the prior year was followed by a period of consolidation in the reporting year. The average age of the employees in Germany was 37.7 in the IT system house & managed services segment and 27.8 years in the IT e-commerce segment.

EMPLOYEES BY SEGMENTS as of 31 December 2008



The staff figures comprise all employees (except for temporary personnel), including those on parental leave and those doing military or civilian service.

Personnel Expenditure and Salary Model

In 2008, the higher average number of employees resulted in an increase in expenditures for wages and salaries including social contributions by 7.1 per cent to 217.7 million euros (prior year: 203.3 million euros). At the same time, personnel expenses grew disproportionately in relation to the revenue, resulting in an increase of the personnel expenses ratio from 14.7 per cent to 15.2 per cent. The personnel intensity in relation to the gross profit amounted to 60.4 per cent (prior year: 60.2 per cent).

PERSONNEL EXPENSES

	2004	2005	2006	2007	2008
Personnel and social expenditure in million euros	155.7	179.5	192.6	203.3	217.7
Personnel and social expenditure per employee in th. euros ¹	49.1	50.4	50.5	50.3	51.6
Personnel expense ratio in per cent	14.3	15.2	15.8	14.7	15.2

¹ without staff on parental leave and those doing military or civilian service

As a matter of principle, the salary model of all Bechtle employees consists of fixed and variable components. The amount of the variable compensation depends on the degree of achievement of the targets agreed for the particular field of responsibility. For sales staff, the variable component is calculated according to the amount of the contribution margin achieved, while the revenue serves as the indicator for employees in the service sector. The performance-related compensation of directors is computed on the basis of the achievement of the earnings and revenue targets determined at the beginning of the year.

Training

For the past 25 years, Bechtle has put a lot of emphasis on training young people, thereby securing its supply of qualified junior personnel. In 2008, the company offered training for twelve different administrative and technical professions like information technology, IT systems management assistance, systems electronics, and warehouse management. Furthermore, Bechtle trains students of the University of Cooperative Education, mainly in business IT and commerce.

With more than 1,000 applications submitted for the 31 training positions posted for the following year, the interest in training at Bechtle was even higher than in the previous year (800 applications for 36 training positions). At the end of the reporting period, the company had a total of 281 young trainees, including 35 junior team members abroad. The training ratio increased to 6.4 per cent (prior year: 6.0 per cent).

Bechtle considers needs-oriented training to be an important step towards making the business future-proof. Thus, in the 2008 reporting period, all successfully qualified trainees were given permanent employment contracts.

Compared to other companies in the industry, Bechtle boasts a high certification density. By means of vendor-certified employees, Bechtle guarantees a high level of consulting quality and solution competence for its customers at all times. In 2008, too, employee certification measures constituted a central part of the HR work.

High certification density stands for competent consulting

The Bechtle Academy, which was established by the company in 1999, complements the individual training at the group locations, offering all employees a comprehensive programme ranging from ongoing training measures to the acquisition of special skills to interdisciplinary seminars. The monthly introductory events for new employees are also supervised by the Bechtle Academy.

In 2008, the Bechtle Academy organised 325 events with a total of 3,778 participants, thereby making a significant contribution to the qualification of Bechtle's workforce. More than 35 per cent of the events highlighted process-related topics; introductory events for new employees accounted for more than 20 per cent. Sales training measures came third, with a share of 16 per cent.

CORPORATE GOVERNANCE REPORT

At Bechtle, the close and efficient collaboration of the Executive Board and the Supervisory Board, the protection of shareholder interests, open corporate communication, due accounting and auditing of financial statements, and responsible risk management form the basis for a good corporate governance.

Basic Understanding

The Executive Board and the Supervisory Board of Bechtle AG are fully committed to the Corporate Governance principles (see Declaration of Conformity pursuant to section 161 of the German Stock Corporation Act (AktG), pages 47 f). For the members of both boards, the rules serve as important orientation standards for the responsible management and control of the company.

The following Corporate Governance principles are of special importance to the Executive Board and the Supervisory Board:

- Effective, constructive collaboration between the Executive Board and the Supervisory Board
- High transparency in accounting and financial communication
- Protection of shareholder interests and
- Performance-oriented compensation for the Executive Board and executive staff

These principles have characterised the self-image and actions of both executive bodies for many years.

Below, the Executive Board and the Supervisory Board jointly report on the Corporate Governance at Bechtle AG according to Section 3.10 of the German Corporate Governance Code (DCGK):

Shareholders and Annual General Meeting

The Annual General Meeting is a central organ of Bechtle AG by means of which the shareholders can make use of their rights and exercise their voting rights. By virtue of law, the shareholders are involved in fundamental decisions such as the staffing of the Supervisory Board, amendments to the articles of incorporation, the appropriation of retained earnings, or the issue or redemption of shares. Bechtle AG only has no-par common bearer shares in circulation. All shares grant the

same voting rights. To enable shareholders to safeguard their interests at the Annual General Meeting, the Executive Board appoints proxies on whom the shareholders can confer their voting rights, subject to their directives. It is ensured that the proxies can be reached at all times during the Annual General Meeting. The agenda and the needed reports and documents for the Annual General Meeting are made available to the shareholders for review and download at www.bechtle.com.

To ensure a smooth procedure at the Annual General Meeting, the company reserves the right to ballot the election of new Supervisory Board members with the block method, even if an individual election was conducted in 2008. The corresponding provision was included in the articles of incorporation by resolution of the Annual General Meeting on 22 June 2005.

The management of Bechtle AG still does not broadcast the entire Annual General Meeting over the Internet. In the opinion of the Executive Board, the organisational costs and the legal uncertainties would surpass the benefits for the company and its shareholders.

Collaboration between the Executive Board and the Supervisory Board

The German Stock Corporation Act (AktG) provides for strict personal segregation of the company management and the company supervision. The most important duties of the Supervisory Board include the counselling and supervision of the Executive Board in the management of the group. Therefore, the Supervisory Board is involved in all major corporate decisions and assists the Executive Board by providing advice. Further information on business transactions that are subject to approval is presented on pages 14 ff of the Annual Report.

The Executive Board and the Supervisory Board of Bechtle AG closely collaborate for the benefit of the company. The Executive Board duly and comprehensively informs the Supervisory Board of all material issues of the business development, business planning, strategy, and potential risks and opportunities of the business performance and compliance. The Executive Board informs the Supervisory Board without delay about any extraordinary events that are of importance to the assessment of the situation, development, or management of the company. The Supervisory Board also obtains information about the company's situation and important business transactions in meetings with the Executive Board and Directors outside the scope of the regular Supervisory Board meetings. Thus, the Supervisory Board has an optimum information base for coaching operations with suggestions and recommendations. At the beginning of each fiscal year, the Executive Board submits its plans to the Supervisory Board for approval. The Executive Board reports any deviations from previous plans and the reasons for such deviations to the Supervisory Board. Reports that the Executive Board conveys orally to the Supervisory Board are accompanied by the submission of written documents. As a matter of principle, the Executive Board forwards its documents to the members of the Supervisory Board in coordination with the Chairman of the Supervisory Board in good time before the Supervisory Board meetings in order to enable the members to duly prepare for the meetings. According to the Rules of Procedure, important business transactions are subject to the approval of the Supervisory Board.

**Group Executive Board
expanded as of 1 January 2009**

Changes in the Executive Board

In the fiscal year 2008, the Executive Board of Bechtle AG consisted of Ralf Klenk and Dr. Thomas Olemotz. In the course of the year, this board did not undergo any changes.

On 10 December 2008, Bechtle AG announced that at his own request, Ralf Klenk, the founding shareholder and previous Chairman of the Executive Board, was not going to extend his contract and was going to resign from the Executive Board as of 31 December 2008. Within the scope of the expansion of the Executive Board of the holding, the Supervisory Board of Bechtle AG appointed Michael Guschlbauer and Jürgen Schäfer members of the Executive Board as of 1 January 2009. From the beginning of the new fiscal year, the group's Executive Board consists of three members.

Michael Guschlbauer is responsible for the IT system house & managed services segment, and Jürgen Schäfer for the IT e-commerce segment. Apart from the original fields of finance, controlling, and investor relations, Executive Board spokesman Dr. Thomas Olemotz, who has been in office since March 2007, has also been put in charge of human resources, corporate communication, IT, and logistics & service.

Among other things, the Rules of Procedure govern the distribution of tasks and the collaboration within the Executive Board and with the Supervisory Board. The Rules of Procedure provide for an age limit of 65 years for members of the Executive Board.

Executive Board Compensation

The Executive Board compensation is performance-oriented. The total compensation of the Executive Board members consists of a fixed component and a variable, performance-related component. The performance-related component, which represents the annual bonus, depends on the achievement of defined financial targets. These targets are determined by the personnel committee of the Supervisory Board on an annual basis. The performance-related component is calculated particularly on the basis of the EBT of the Bechtle Group and is aligned with the achievement of defined threshold values. The bonus is capped. If the actual earnings fall short of the profit target by more than 50 per cent, no bonus will be paid.

The company does not grant the Executive Board members any variable compensation component that provides a long-term incentive effect and is subject to risk, and the company has not made any pension commitments. The Supervisory Board did not conclude any agreements between the company and members of the Executive Board for the case of a change of control due to a takeover bid.

The Annual General Meeting of 20 June 2006 decided to make use of the opting-out clause. Thus, Bechtle AG is exempted from the legal requirement for individualised disclosure of the Executive Board compensation until and including 2010 (Section 4.2.4 DCGK). In view of the relatively small number of Executive Board members, the company is of the opinion that the disclosure of the total Executive Board compensation and the itemisation in fixed and variable components provide adequate transparency.

For the fiscal year 2008, the fixed compensation of the Executive Board amounted to 556 th. euros (prior year: 729 th. euros), and the total compensation amounted to 1,356 th. euros (prior year: 1,409 th. euros).

EXECUTIVE BOARD COMPENSATION in Euro

	2008	2007*
Fixed compensation	556,000	729,000
Variable compensation	800,000	680,000
Total	1,356,000	1,409,000

* Here, the changes in the Executive Board, which do not allow a direct comparison of the years, must be taken into consideration.

The German Corporate Governance Code recommends limiting the severance of an Executive Board member in the event of premature termination of his activity without good cause to the compensation for two years (severance cap) or not to compensate more than the residual term of the contract (Section 4.2.3 (4) DCGK). The Supervisory Board of Bechtle AG endeavours to bind the Executive Board members to the company for long terms, if possible. The Supervisory Board of Bechtle AG does not consider a formal limitation by means of an agreement to be practicable. Thus, the legal provisions apply in this case. In the opinion of the Supervisory Board, the legal provisions adequately account for the mutual interests in the event of departure of an Executive Board member and therefore form an appropriate basis. The company intends to continue to handle this issue in this way. In the opinion of Bechtle AG, deviating from the recommendation serves the company's interests in this instance. However, to take the basic tenor of the recommendation into consideration, the company will, in the event of premature cancellation of an Executive Board contract by mutual consent, conclude a severance agreement that complies with the principle of reasonableness with the affected Executive Board member.

Changes in the Supervisory Board

In line with the articles of incorporation, the Supervisory Board of Bechtle AG consists of twelve members. According to the German Co-Determination Act (MitbestG), it consists of equal numbers of shareholder representatives and employee representatives. As none of the shareholders has any business or personal relationship with the company or with the Executive Board, no conflicts of interest are expected.

Gerhard Schick is the Chairman of the Supervisory Board. Until the election of the new Supervisory Board by the Annual General Meeting on 17 June 2008, he was also chairman of the balance sheet and accounting committee (audit committee). As of the beginning of the new term of office, he was appointed chairman of the committee pursuant to Section 27 (3) of the German Co-Determination Act (MitbestG) and chairman of the personnel committee. In the newly elected board, Dr. Jochen Wolf was appointed chairman of the audit committee. Thus, Bechtle AG complies with the DCGK recommendations (Section 5.2 (2)), according to which the Chairman of the Supervisory Board should also be chairman of the personnel committee that is responsible for the Executive Board contract, but not the chairman of the audit committee. In his capacity as Chairman of the Supervisory Board, Gerhard Schick coordinates the duties of the Supervisory Board, chairs the meetings, and represents the concerns of the Supervisory Board in external dealings. Moreover, he regularly communicates with the Executive Board in order to intensively discuss matters concerning strategic alignment, business performance, and risk management. Uli Drautz is the Vice-Chairman of the Supervisory Board.

A nomination committee has not been formed. In this respect, Bechtle does not follow the recommendation of DCGK (Section 5.3.3). In view of the staffing of the Supervisory Board, the Supervisory Board does not consider the formation of such a committee to be necessary at present.

In the past fiscal year, the term of office of the Supervisory Board members elected by the 2003 Annual General Meeting ended with the end of the Annual General Meeting on 17 June 2008. The company did not make use of the block voting option outlined in the articles of incorporation, but conducted the election of the Supervisory Board members according to the recommendation of DCGK (Section 5.4.3) by individual voting by the 2008 Annual General Meeting.

The 2008 Annual General Meeting elected the individuals proposed by the Supervisory Board with clear majority. Thus, the following Supervisory Board members were confirmed in office as representatives of the shareholders: Kurt Dobitsch, Gerhard Schick, Karin Schick, Klaus Winkler, and Dr. Jochen Wolf. Due to his age, Otto Beilharz was no longer eligible for another term of office; instead, Dr. Walter Jaeger was elected as a new member of the Supervisory Board.

Before the Annual General Meeting, the Bechtle employees elected the new employee representatives. The following Supervisory Board members were confirmed in office: Udo Bettenhausen, Uli Drautz, Daniela Eberle, and Barbara Greyer. Rüdiger Dibbert and Dr. Rudolf Luz did not run for office again. Instead, the employees elected Jürgen Ergenzinger and Sonja Glaser-Reuss as members of the Supervisory Board.

The Supervisory Board endeavours to fulfil its duties with due care. Therefore, the efficiency of its activity is checked extensively every three years on the basis of the guideline of Deutsche Schutzvereinigung für Wertpapierbesitz e.V. The last survey, which was conducted in 2007, revealed that the Supervisory Board worked efficiently. Should the plenum come to the conclusion that the efficiency has deteriorated, the efficiency audit will be conducted on an annual basis.

For its work, the Supervisory Board has issued Rules of Procedure. In particular, these Rules of Procedure govern the collaboration in the Supervisory Board. The Rules of Procedure provide for an age limit of 70 for Supervisory Board candidates.

Supervisory Board Compensation

The currently applicable compensation rules for the Supervisory Board were adopted by the Annual General Meeting on 13 June 2003 and are outlined in Section 11 of the articles of incorporation of Bechtle AG. Bechtle AG presents the compensation of Supervisory Board members in individualised form. The compensation structure takes the responsibility and scope of activity of the individual members into account. The chairmanship, vice-chairmanship, and committee activities are taken into consideration.

Contrary to the DCGK recommendation (Section 5.4.6 (2)), the compensation does not contain any performance-related component. In the company's opinion, the Supervisory Board's successful and responsible fulfilment of duties does not necessitate such a component.

New Supervisory Board elected in 2008

SUPERVISORY BOARD COMPENSATION in Euro

Name	Member	Basic compensation	Chairman/ Vice-Chairman	Committee activity	Total 2008	Total 2007
Shareholder representatives						
Otto Beilharz	until 17 June 2008	9,278			9,278	20,000
Kurt Dobitsch		20,000			20,000	20,000
Dr. Walter Jaeger	since 17 June 2008	10,722			10,722	
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
Employee representatives						
Udo Bettenhausen		20,000			20,000	19,056
Rüdiger Dibbert	until 17 June 2008	9,278			9,278	10,500
Uli Drautz		20,000	10,000	10,000	40,000	32,708
Daniela Eberle		20,000		5,000	25,000	25,000
Jürgen Ergenzinger	since 17 June 2008	10,722			10,722	
Sonja Glaser-Reuss	since 17 June 2008	10,722			10,722	
Barbara Greyer		20,000			20,000	20,000
Dr. Rudolf Luz	until 17 June 2008	9,278			9,278	20,000

The Supervisory Board members have not been granted loans or other declarations of liability. The same applies to the Executive Board members. During the reporting period, the company did not have any share option programmes or similar securities-oriented incentive systems.

D&O Insurance

The Executive Board and the Supervisory Board are under the obligation to apply the principles of proper corporate management. Should they culpably violate their duty to exercise due care, Bechtle AG may assert claims for damages against them. To cover this risk, the company has taken out directors & officers insurance for the Executive Board and Supervisory Board members. Contrary to the DCGK recommendation (Section 3.8 (2)), the D&O insurance for the Executive Board and Supervisory Board of Bechtle AG does not provide for a deductible. The company does not plan to change this arrangement. The company does not believe that a reasonable deductible would contribute to an improved sense of responsibility and motivation of the Supervisory Board and of the Executive Board.

Conflicts of Interest

The members of the Executive Board and of the Supervisory Board are committed to the interests of the company. In their decisions within the scope of their activity, they are not permitted to pursue personal interests or use business opportunities to which the company is entitled for themselves. The Executive Board members disclose any conflicts of interest to the Supervisory Board and inform the other members of the Executive Board without delay. In its report to the Annual General Meeting, the Supervisory Board provides information about any encountered conflicts of interest and their consequences.

During their activity for Bechtle, the Executive Board members are subject to a comprehensive competition ban. Any kind of side-lining, including the assumption of supervisory board mandates outside the group, is subject to the approval of the Supervisory Board. In the past fiscal year, the Supervisory Board and the Executive Board members did not experience any conflicts of interest, e.g. due to a consulting or organ function on behalf of customers, suppliers, lenders, or business partners. Detailed information on the mandates of the board members on supervisory boards and similar supervisory bodies is presented in the notes to this Annual Report (on pages 171 f and pages 184 f).

Transparency

To promote trust on the part of shareholders and the public, Bechtle engages in earnest, timely, and open dialogue with all shareholders and other target groups. For the Executive Board and the Supervisory Board, openness and transparency are key principles of conduct. To ensure equal treatment of all market players, all important capital market-relevant information is published simultaneously in German and English and made available at the company's Web site. Important dates, financial reports, press releases, and presentations are also made available to shareholders and other interested individuals on the company home page. Moreover, Bechtle offers its shareholders the possibility of learning the latest details about the performance of the Bechtle share and important analyst and press opinions by means of a weekly report. Upon request, Bechtle sends potential investors publications such as annual and quarterly reports free of charge.

Disclosures According to the German Securities Trading Act

Pursuant to Section 15a of the German Securities Trading Act (WpHG), individuals who are entrusted with executive duties and who are authorised to make material entrepreneurial decisions of the issuer as well as natural persons and legal entities closely affiliated with them must promptly disclose the purchase or sale of Bechtle shares if the transaction volume exceeds 5,000 euros within a calendar year. Bechtle publishes all transactions of this type at the Web site under Directors' Dealings and reports them to the German Federal Financial Supervisory Authority (BaFin).

In the reporting period, there were no transactions that had to be reported pursuant to Section 15a of the German Securities Trading Act (WpHG).

Pursuant to Section 26 (1) in conjunction with Section 21 (1) of the German Securities Trading Act (WpHG), Bechtle is also under the obligation to provide information about material changes in its shareholder structure, as soon as an investor reaches, exceeds, or falls below 3, 5, 10, 15, 20, 25, 30, 50, or 75 per cent of the voting rights in the company by purchasing or selling shares or in any other way. Bechtle publishes this information after being notified by the shareholder according to the legal provisions.

As of 31 December 2008, the shareholder structure changed as follows:
JPMorgan Asset Management (UK) Limited, London, United Kingdom, allocated via its subsidiaries, fell below the threshold of 3 per cent of the voting rights in Bechtle AG.

Shareholdings of Board Members

The shareholdings of Executive Board and Supervisory Board members of Bechtle AG is as follows:

NUMBER OF BECHTLE AG SHARES – Executive Board member until 31 December 2008

	31.12.2008	31.12.2007
Ralf Klenk	182,462	182,462
Dr. Thomas Olemotz	0	0

NUMBER OF BECHTLE AG SHARES – Executive Board member since 1 January 2009

	31.12.2008	31.12.2007
Dr. Thomas Olemotz	0	0
Michael Guschlbauer	0	0
Jürgen Schäfer	4,000	4,000

NUMBER OF BECHTLE AG SHARES – Supervisory Board

	31.12.2008	31.12.2007
Shareholder representatives		
Otto Beilharz	0	0
Kurt Dobitsch	0	0
Dr. Walter Jaeger	0	0
Gerhard Schick	207,300	207,300
Karin Schick	6,790,987 ¹	6,790,987
Klaus Winkler	725	725
Dr. Jochen Wolf	3,916,507 ²	3,916,507
Employee representatives		
Udo Bettenhausen	0	0
Rüdiger Dibbert	0	0
Uli Drautz	1,644	1,644
Daniela Eberle	0	0
Jürgen Ergenzinger	0	0
Sonja Glaser-Reuss	1,000	866
Barbara Greyer	0	0
Dr. Rudolf Luz	0	0

¹ 815,272 shares for Schick GmbH, 340,115 for Amaury Krief

² for BWK GmbH Unternehmensbeteiligungsgesellschaft

Accounting and Auditing of Annual Financial Statements

Bechtle prepares the consolidated financial statements and the interim reports according to the applicable rules of the International Financial Reporting Standards (IFRS) and the annual financial statements of Bechtle AG according to the regulations of the German Commercial Code (HGB).

The annual financial statements were again audited by the final auditor Ernst & Young AG, which the Annual General Meeting had appointed as auditors for the fiscal year 2008.

Before submitting the election proposal, Ernst & Young AG issued a declaration of independence pursuant to Section 7.2.1 (1) DCGK. According to this declaration, there are no business, personal, financial, or other relationships between the audit firm and the Bechtle Group, which could cast doubt on the auditors' independence. Moreover, the audit firm was not involved in the accounting or preparation of the annual or consolidated financial statements.

The auditor participated in the Supervisory Board discussions on the annual and consolidated financial statements and the balance sheet session on 17 March 2009 and reported the results of his audit. Moreover, he provided additional information and answered questions of the Supervisory Board concerning the audit.

Declaration of Conformity with the German Corporate Governance Code

On 5 February 2009, the Executive Board and the Supervisory Board renewed the Declaration of Conformity with the German Corporate Governance Code in its current form and made it permanently available to the shareholders on the company's Web site:

Declaration of Conformity of the Executive Board and the Supervisory Board of Bechtle AG with the recommendations of the Government Commission on the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act (AktG)

The Executive Board and the Supervisory Board of Bechtle AG declare that since the last Declaration of Conformity of 5 February 2008, the recommendations of the Government Commission on the German Corporate Governance Code (DCGK) as amended on 14 June 2007 (published on 20 July 2007) and, from 9 August 2008 on, the recommendations of the Government Commission on the German Corporate Governance Code as amended on 6 June 2008 (published on 8 August 2008), which have been published by the Federal Ministry of Justice in the official section of the Federal Gazette, have been and will be complied with, with the following exceptions.

D&O Insurance Deductible

The D&O insurance Bechtle AG has taken out for the Executive Board and for the Supervisory Board does not provide for a deductible. The company does not believe that a deductible would contribute to an improved sense of responsibility and motivation of the Supervisory Board and of the Executive Board. Bechtle AG does not intend to alter this approach. (Section 3.8 (2) DCGK)

Severance Cap in Executive Board Contracts

The Supervisory Board has not entered any agreement with the Executive Board members for the event of premature termination of the board activity without good cause. Thus, the legal provisions apply in this case. In the opinion of the Supervisory Board, the legal provisions adequately account for the mutual interests in the event of departure of an Executive Board member and therefore form an appropriate basis. The company intends to continue to handle this issue in this way. (Section 4.2.3 (4) DCGK)

Executive Board Compensation

Bechtle AG publishes the Executive Board compensation in the corporate governance report, divided into non-performance-related and performance-related components. According to the Annual General Meeting resolution of 20 June 2006, this information is not presented in individualised form. This resolution is valid until the Annual General Meeting that decides about the granting of discharge for the fiscal year 2010. (Section 4.2.4 DCGK)

Chairmanship of the Personnel Committee

As of the constituting session of the newly elected Supervisory Board on 17 June 2008, the Chairman of the Supervisory Board assumed the chairmanship of the Personnel Committee. Since this date, Bechtle AG is in conformity with the recommendation of the code. (Section 5.2 (2) DCGK)

Establishment of a Nomination Committee

In view of the staffing of the Supervisory Board, the Supervisory Board does not see any need for formation of a Nomination Committee that is staffed exclusively with shareholder representatives and that proposes suitable candidates to the Supervisory Board for its election proposals to the Annual General Meeting. (Section 5.3.3 DCGK)

Supervisory Board Elections

As decided by the Annual General Meeting on 22 June 2005 and as specified in the company's articles of incorporation, the company reserves the right to conduct the Supervisory Board elections on the basis of a list in order to ensure a speedy flow of the shareholders' meeting. (Section 5.4.3 DCGK)

Performance-related Compensation of Supervisory Board Members

The compensation of the Supervisory Board members does not contain any performance-related component. Bechtle AG believes that all members of the Supervisory Board exercise their duties with maximum commitment and willingness and with a view to the company's long-term success. Therefore, the company does not consider a performance-related component to be necessary for responsible Supervisory Board work. For the time being, the company considers this approach to be appropriate. (Section 5.4.6 (2) DCGK)

Neckarsulm, 5 February 2009
Bechtle AG

On behalf of the Executive Board
Dr. Thomas Olemotz

On behalf of the Supervisory Board
Gerhard Schick

THE SHARE

In 2008, stock markets around the world were affected by the bank and financial market crisis. Especially in the second half of the year, prices slumped due to the looming recession and the magnitude of the bank crisis. Fears of an impending global economic crisis had a negative impact on the general atmosphere and the outlook of many capital market players. Despite the positive business performance, the Bechtle share, too, was adversely affected by these developments.

Share Market

In the course of the year, the German key indices suffered substantial losses. Except for the MDAX, which reached a small intermediate high in May, the indices already reached their annual high on 2 January. After that, they continually lost ground, until all indices eventually reached their annual low on 20 and 21 November. Towards the end of the year, the indices only recovered slightly. In the course of the year, the DAX lost 40.2 per cent, the MDAX lost 43.0 per cent, and the SDAX lost 46.1 per cent. The TecDAX, in which Bechtle is listed, dropped from 974.81 points at the stock exchange opening on 2 January 2008 to 508.31 points on 30 December – a decline of 47.9 per cent. Thus, technology shares suffered the most severe losses among the German key indices.

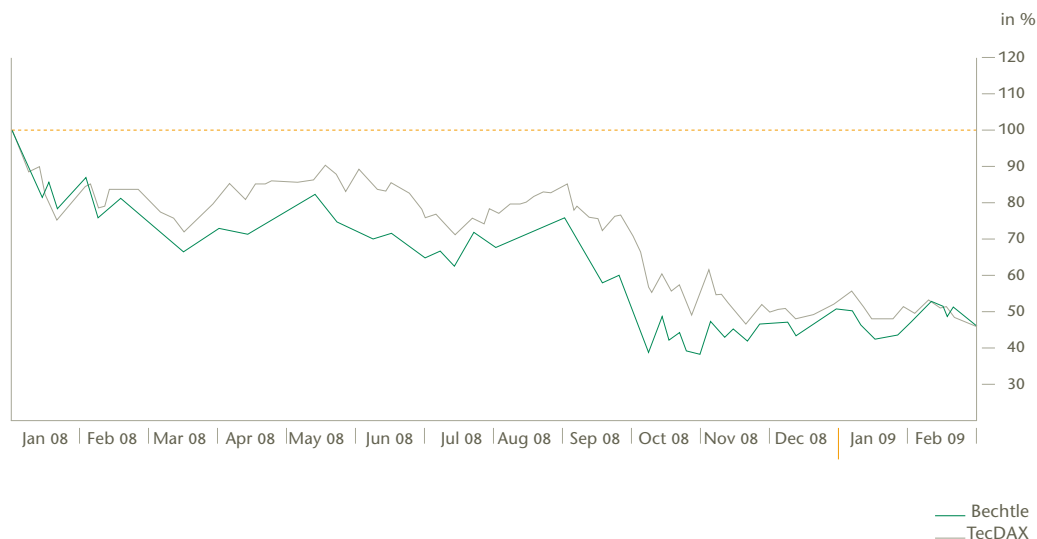
Share Performance

The Bechtle share could not evade this trend and largely reflected the development of the TecDAX.

On 2 January, the share entered the trading year with a price of 27.00 euros and reached its annual high on the same day, with a closing price of 27.86 euros. Subsequently, the price started to drop, eventually settling at about 19 euros. From March to September, Bechtle continued at this level. In early September, the effects of the financial crisis became more evident, dragging the Bechtle share down to the annual low of 9.64 euro, which was reached on 27 October. Until the end of the year, the share recovered slightly, closing at 13.66 euros on 30 December. In the reporting period, the Bechtle share lost a total of 49.4 per cent, echoing the situation of the TecDAX.

Share performance does not reflect company performance

THE BECHTLE SHARE IN COMPARISON TO TECDAX January 2008 until February 2009



In line with the price development, the market cap, too, was halved from 581.3 million euros to 289.6 million euros. In relation to the free float, the market cap declined from 287.7 million euros to 140.5 million euros.

In the reporting period, the liquidity of the Bechtle share was about the same as in the prior year. At all German stock exchanges, 69,743 shares were traded per trading day; in the prior year, this figure was 71,856.

As the performance of the Bechtle share mostly ran parallel to the market, it was able to climb up in the index ranking of the TecDAX as of 31 December 2008 compared to the prior year – despite the reduced market cap. Thus, Bechtle progressed from the 25th to the 22nd place. Bechtle was also able to improve its trading volume – the second key criterion – progressing to the 23rd place as of the end of the year (prior year: 28th place). Here, the stabilisation of the liquidity had a positive effect in an environment characterised by a generally weak demand.

KEY FIGURES OF THE BECHTLE SHARE

		2008	2007
Annual opening price	euros	27.00	19.30
Annual closing price	euros	13.66	27.42
Annual high	euros	27.86	35.59
Annual low	euros	9.64	19.45
Performance compared to prior year – absolute	euros	-13.34	8.12
Performance compared to prior year – in per cent	%	-49.4	42.1
Market cap – total ¹	million euros	289.6	581.3
Market cap – free float weighted ¹	million euros	140.5	287.7
Average turnover/trading day ²	shares	69,743	71,856
Average turnover/trading day ²	euros	1,228,978	1,953,582

¹ As of 31 December

² All German stock exchanges

Share Buy-back Programme

In the course of the price slump from September on, the Bechtle share dropped to a price level that the management considered to be far below the actual company value. Therefore, on 9 October 2008, the Executive Board of Bechtle AG decided, with the approval of the Supervisory Board, to launch a share buy-back programme under which it would be possible to repurchase up to 2.12 million treasury shares via the stock exchange (Xetra). The buy-back is based on the resolution of the Annual General Meeting of 17 June 2008, which authorises the company to acquire treasury shares worth up to 10 per cent of the equity capital as of the date of the resolution until 16 November 2009. The shares can be used for all the purposes specified in the authorisation (acquisition currency, withdrawal, and listing at foreign stock exchanges). The total number of treasury shares purchased by 31 December 2008 amounted to 209,500. The average purchase price was 10.70 euros. In view of its comfortable and adequate liquidity reserve, Bechtle AG will continue with the share buy-back programme in the current fiscal year (see Supplementary Report, page 96).

Bechtle buys back
treasury shares

All information on the share buy-back programme and the latest status of purchased shares can be found on the Internet at: www.bechtle.com/company/ir/aktienrueckkauf

Shareholder Structure

In the reporting period, the shareholder structure of Bechtle AG did not undergo any changes. The company founder's daughter Karin Schick still holds 32.03 per cent of the shares. This figure includes the shares of Schick GmbH, whose partner Karin Schick is, and shares belonging to her underage son. Another 18.47 per cent are held by the investment company BWK GmbH, which had already invested in Bechtle prior to the public offering. Both major shareholders pursue a long-term investment strategy and currently do not plan to change their positions.

The free float comprises all shares of shareholders who hold less than five per cent of the equity capital. This does not include shares held by the company itself. As of 31 December 2008 the free float amounted to 49.50 per cent. These shares are held by a wide spectrum of domestic and international private and institutional investors.

One of the highest dividend yields in the TecDAX

Dividend

Since its IPO in 2000, Bechtle has been following a stable dividend policy that is focused on continuity. In the TecDAX, the company is still one of the few companies that have continued to distribute profits to shareholders every year since their IPO. This year, too, the shareholders are to participate in the company's success. For the fiscal year 2008, the Executive Board and the Supervisory Board propose to the Annual General Meeting to distribute a dividend of 0.60 euro per share. The shares purchased by the company under the share buy-back programme are not entitled to dividends. As of 31 December 2008, the number of shares with dividend entitlement was 20,990,500. Thus, the amount to be distributed for the fiscal year 2008 amounts to 12,6 million euros. The dividend payout ratio would amount to 27.8 per cent of the group earnings after taxes and minority interests. However, this information pertains to the closing date and may still change if more shares are repurchased before the Annual General Meeting that will adopt the resolution concerning the dividend to be paid. In relation to the annual closing price, the dividend yield is 4.4 per cent. That makes Bechtle one of the top three companies in the TecDAX in the reporting period.

Earnings per Share

In the reporting period, the undiluted earnings per share (EPS) amounted to 2.14 euros, i.e. 11.1 per cent over the prior year (1.93 euros). The EPS were calculated on the basis of an average of 21,164,950 shares in circulation in 2008. The shares purchased by the company under the share buy-back programme were not taken into consideration in the EPS calculation and were deducted on a daily basis.

KEY FIGURES

		2008	2007
Shares with dividend entitlement ¹	quantity	20,990,500	21,200,000
Earnings per share	euros	2.14	1.93
Amount distributed ¹	million euros	12.6 ²	12.7
Cash dividend	euro	0.60 ²	0.60
Dividend yield ¹	%	4.4	2.2
Price/earnings ratio ¹		6.4	14.2

¹ As of 31 December

² Subject to approval of the Annual General Meeting

Investor Relations

In the capital market, Bechtle enjoys a very good reputation. Especially in times of falling prices and uncertainty in the financial markets, Bechtle stands for reliable and continuous communication with the financial community.

Analyst recommendations serve as central instruments that form the opinions of shareholders and investors. In 2008, a total of nine banks regularly reported about Bechtle in detailed studies and topical brief analyses. In the reporting period, Deutsche Bank, Commerzbank, and the analyst company SES Research included Bechtle in their coverage. Before that, Bechtle was already on the

monitoring lists of Berenberg Bank, DZ Bank, Landesbank Baden-Württemberg, Merrill Lynch investment bank, Metzler bank, and WestLB. Bechtle's regular constructive dialogue with all analysts was enhanced by analyst visits to the headquarters, various conferences, and joint road shows. In the past fiscal year, most of the ratings were "buy" or "hold".

The relationship with existing and potential investors was very intensive in the reporting period. In individual discussions, round tables, road shows, and conferences, Bechtle informed institutional investors about the company's economic situation, business strategy, and future outlook. In the past year, the Executive Board also engaged in individual discussions with prospective investors at the group headquarters in Neckarsulm, Germany.

In the reporting period, the award bestowed on the annual report of Bechtle AG was a pleasant success of the communication with the financial market. The annual report is a key element of financial reporting, even in an age of growing relevance of electronic media. Bechtle endeavours to improve the annual report continuously in order to provide interested readers with comprehensive and transparent information about the company at all times. In the current ranking of arguably Germany's most prestigious business report competition, "manager magazin" elected the report of Bechtle AG for the fiscal year 2007 the winner among TecDAX-listed companies. Thus, the company made it from the eighth place in the prior year to the very top of its class. In addition to the actual content of the report, the jury was impressed by the report's layout and linguistic style.

**Best annual report
in the TecDAX**

From the shareholder viewpoint, the eighth ordinary Annual General Meeting of Bechtle AG on 17 June 2008 in Heilbronn, Germany, was a key event. Some 500 shareholders represented 70.6 per cent of the voting capital. The most important item on the agenda was the election of the new Supervisory Board. Moreover, the Executive Board provided information about the figures of the fiscal year 2007 and presented an outlook for 2008. The Annual General Meeting adopted all proposals of the Executive Board and the Supervisory Board with a vast majority.

In August and September 2008, the Bechtle AG shareholders' days were held for the fourth time. Over a period of three days, some 100 shareholders visited the company at its headquarters in Neckarsulm and availed themselves of the opportunity to engage in intensive discussions with representatives of the company. Apart from offering presentations and tours, Bechtle AG uses this event to provide its shareholders with a more profound insight into the company, thereby enhancing the relationship with its shareholders.

The Internet presence of Bechtle AG (www.bechtle.com) is an important platform for the communication with shareholders and guarantees the flow of information to the capital market. On clearly structured pages, visitors are provided with price and index charts, ad-hoc notifications and press releases, financial publications, announcements concerning corporate governance and directors' dealings, and important company presentations. Research on Bechtle AG is presented in summarised form. Every Monday, a weekly report reflects the price development of the past week and summarises the most important press and analyst opinions. All documents related to the Annual General Meeting and important information in connection with this event can also be found on these pages. Moreover, the Web site features an online business report and KPI overviews.

TAKEOVER-RELATED DISCLOSURES

The disclosures required pursuant to Section 315 (4) of the German Commercial Code (HGB) are presented below:

As of 31 December 2008, the company's subscribed capital amounted to a total of 21,200,000 euros. It is divided into 21,200,000 no-par bearer shares. The amount of the equity capital that is allocated to each share is 1.00 euro. All company shares are issued as ordinary no-par bearer shares.

There are no different types of shares.

The Executive Board is not aware of any restrictions relating to voting rights or the transfer of shares.

The company is aware of the following direct or indirect capital interests exceeding ten per cent of the voting rights as of 31 December 2008:

Karin Schick, Gaildorf, Germany: 32.03 per cent

BWK GmbH Unternehmensbeteiligungsgesellschaft, Stuttgart, Germany: 18.47 per cent

There are no holders of shares with special rights granting powers of control.

The company does not control voting rights of employees who hold interests in the company's capital.

The appointment and dismissal of members of the Executive Board is governed by Section 84 ff of the German Stock Corporation Act (AktG). In the reporting period, the company's Supervisory Board made use of the possibility outlined in Section 84 (2), according to which a Chairman of the Executive Board can be appointed in case the Executive Board consists of several members, appointing Ralf Klenk as Chairman of the Executive Board. Upon Ralf Klenk's withdrawal from the Executive Board, Dr. Thomas Olemotz was appointed Spokesman of the Executive Board as of 1 January 2009. Section 5.1.2 of the German Corporate Governance Code outlines further principles concerning the appointment of the Executive Board. According to these principles, the Supervisory Board is to implement a long-term succession plan in collaboration with the Executive Board. In general, the maximum appointment term of five years should not be applied to initial appointments. In the case of contracts whose residual term is more than one year, re-appointment with simultaneous cancellation of the current appointment should only take place in the event of special circumstances. An age limit is to be set for members of the Executive Board. The Rules of Procedure of the Executive Board of Bechtle AG provide for an age limit of 65. The articles of incorporation do not contain any further provisions concerning the appointment or dismissal of Executive Board members.

The conditions for amendments to the articles of incorporation are mainly outlined in Sections 179 to 181 of the German Stock Corporation Act (AktG). Amendments to the articles of incorporation are subject to a resolution of the Annual General Meeting with a majority of at least three fourths of the equity capital represented during the adoption of the resolution and entry of the amendment to the articles of incorporation in the Commercial Register. The articles of incorporation may determine a capital majority that is different from that specified in the legal provision, but only a greater majority for amendments to the purpose of the company, and impose additional requirements. The articles of incorporation of Bechtle AG do not contain any such provision. The Annual General Meeting may confer the authority to make amendments that merely concern the wording on the

Supervisory Board. At the company, this has been done by means of Section 10.4 of the articles of incorporation. Amendments to the articles of incorporation only become effective upon entry in the Commercial Register at the domicile of Bechtle AG.

Pursuant to Section 202 ff of the German Stock Corporation Act (AktG), the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the company's equity capital by up to 10,600,000 euros by issuing up to 10,600,000 no-par bearer shares on one or several occasions against cash contributions and/or contributions in kind until 10 June 2009 (authorised capital).

Subject to the approval of the Supervisory Board, the Executive Board decides on the exclusion of the subscription right and on details concerning the issue of the new shares. The subscription right may be excluded

- to exclude fractional amounts from the shareholders' subscription rights;
- to grant shares against contributions in kind, especially within the scope of company mergers or within the scope of acquisition of companies, parts of companies, or interests;
- in the event of capital increases against cash contributions amounting to a total of up to ten per cent of the equity capital, provided the issue value is not considerably lower than the listed price;
- in the event of a capital increase for the purpose of issuing employee shares, provided the total proportion of the equity capital allocated to the new shares for which the subscription right is excluded does not exceed ten per cent of the equity capital at the time of the issue.

The purchase of treasury shares is only possible according to the provisions of Section 71 (1) of the German Stock Corporation Act (AktG) in the event of one of the exceptional situations specified therein. Based on the resolution of the Annual General Meeting of 17 June 2008, the company is authorised to purchase treasury shares pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG). The authorisation came into force on 17 June 2008 and is valid until 16 November 2009. Treasury shares must be purchased via the stock exchange or within the framework of a public bid by the company. The price the company pays per share may not exceed or be lower than the average closing price for the company's shares on the Xetra platform during the last five trading days prior to the purchase of treasury shares or, in the case of a public purchase bid, prior to the date of publication of the public purchase bid, by more than ten per cent (with-out ancillary acquisition costs). The scope of the authorisation is limited to up to ten per cent of the equity capital. Redemption is only permitted for the purposes specified in the resolution. In the reporting period, the company made use of this authorisation (see chapter "Share", page 51).

By resolution of the Annual General Meeting of 1 June 2001, the equity capital was increased conditionally by a nominal amount of up to 2 million euros by means of the issue of up to 2 million new shares with profit entitlement from the beginning of the fiscal year. The contingent capital is used exclusively for pre-emptive rights that are granted under the share option programme 2001/2008 according to the resolution of the Annual General Meeting of 1 June 2001 and is only applied to the extent that pre-emptive rights are issued under the share option programme 2001/2008 and the holders exercise their pre-emptive rights (contingent capital 2001). Such pre-emptive rights or share options existed neither in the reporting year 2008 nor in the fiscal year 2007 and will not be issued in the future. Therefore, the company plans to cancel the contingent capital in 2009.

The company has no other significant agreements that would apply in the event of a change of control due to a takeover bid.

The Supervisory Board did not conclude any agreements between the company and members of the Executive Board for the case of a change of control due to a takeover bid.

25 YEARS AGO

I dreamed of
making tennis
my life.



Today, Dr. Jürgen Ros is sales manager at the Bechtle IT system house Karlsruhe and is responsible for the storage solutions competence centre.

“This indescribable feeling of bliss on the tennis court, when you’re fully concentrated, notice nothing but the joy of the game and the will to win – these moments are extremely motivating and help you to improve. Keeping at it, diligence, discipline, ambition, talent, enthusiasm, and continuous training are also important building blocks for business success. When our team manages to impress a customer with our performance and sign a project, it’s like a tennis victory. This stirs enormous motivation for proving that we’re the best partner for our customers.”



FRAMEWORK CONDITIONS

MACROECONOMIC ENVIRONMENT

According to the initial figures published by Eurostat, the economy in the euro zone grew only slightly in 2008. In the reporting period, the price-adjusted gross domestic product (GDP) in the euro zone amounted to plus 0.7 per cent, compared to plus 2.7 per cent in the prior year. The growth dynamics slowed down sharply in the course of the year. GDP only increased over the prior quarter in the first quarter; in the subsequent quarters, it started to decline, and in the fourth quarter, the economy shrunk by 1.5 per cent. This is the greatest drop since the establishment of the currency area. Nevertheless, investments for equipment fared better over the entire year, boasting an increase of 2.2 per cent.

According to information provided by the Federal Statistical Office, the German economic performance, too, receded considerably. Though the GDP increased by 1.3 per cent in the reporting period, 2007 saw growth of 2.5 per cent. The quarterly performance more or less corresponded to that of the EU. The German economy only managed to grow in the first quarter of 2008. In 2008, growth stimuli were generated exclusively by domestic business. Gross investments in fixed assets accounted for the highest growth rate of 4.4 per cent. Investments in equipment increased above-average by 5.9 per cent, and were thus only slightly below the prior-year value of 6.9 per cent. In 2008, the price-adjusted government expenditure increased by 2.0 per cent, which almost corresponds to the growth rate of the prior year (2.1 per cent). Due to the poor increase in exports, the external contribution to economic growth diminished by 0.3 percentage points.

**Economic performance fell
in the course of the year**

INDUSTRY

According to calculations of the European Information Technology Observatory (EITO) in November 2008, the IT market in the EU grew by 4.2 per cent in 2008. The growth of IT services (5.4 per cent) and software products (5.3 per cent) contributed substantially to this figure. Hardware trading merely increased by 1.5 per cent over the prior year. According to EITO, among the large IT markets in the EU, hardware trading increased by 2.6 to 3.0 per cent in Italy, Spain, and Great Britain. In contrast, this segment shrunk by 0.8 per cent in France. In the Swiss market, which is important for Bechtle, hardware trading also fell by 0.9 per cent.

As the year progressed, the general economic parameters in the German IT industry deteriorated increasingly. This is evident from the trend of the forecasts issued by the industry association BITKOM. While the association's growth expectations for 2008 still amounted to 4.6 per cent in spring and 4.2 per cent in autumn, in December BITKOM corrected its growth forecast to 3.7 per cent (prior year: 5.0 per cent). According to BITKOM, the IT services segment gained 5.7 per cent (prior year: 7.8 per cent), and software 4.2 per cent (prior year: 5.4 per cent). For the IT hardware segment, BITKOM anticipates stagnation (prior year: 0.7 per cent).

Forecasts for IT industry
revised downwards

OVERALL ASSESSMENT

In 2008, the macroeconomic situation deteriorated considerably. Bechtle successfully bucked this trend, though the company was also affected by falling demand as the year progressed. The signals from the industry were varied. At Bechtle, the effects of the price pressure in the hardware market with stagnating or partly receding revenues were felt in the form of slackening growth dynamics in the IT e-commerce segment. In contrast, the persistently high growth rates in IT services had a positive effect on the IT system house & managed services segment. In this area, Bechtle did not yet experience any major reductions during the course of the year. In fact, the poor economic situation encouraged many user companies to optimise their IT infrastructure.

Apart from the macroeconomic development and the effects of the crisis in the financial markets, there were no other significant events outside the Bechtle Group in the past fiscal year that had a tangible impact on the business performance.

25 YEARS AGO

**I dreamed of
working in research
and development.**



Today, Ute Zimmermann is account manager and head of the training centre at the Bechtle IT system house in Chemnitz.

“My enthusiasm for technology began very early. This is evident from my training as electrician, which was followed by a degree in equipment and information technology. I was especially intrigued by the progress in microelectronics and micromechanics. Today, I am still fascinated by the breakneck pace of development in the field of IT. But the main aspect that makes the job interesting is the contact with the people who want to push their enterprises ahead with the help of IT. In this context, competent consulting services are becoming increasingly important. I like being a service provider for our customers. Here, development plays a key role – the development of smart solutions and good customer relationships.”



EARNINGS, ASSETS, AND FINANCIAL POSITION

EARNINGS POSITION

In 2008, Bechtle's business performance continued to be stable. The company was able to increase its revenue and income – a noteworthy success especially in view of the more difficult economic framework conditions in the second half of the year.

Order Position

Most of the contractual relationships Bechtle enters for the sale of goods and services are of a short-term nature. The IT e-commerce segment is characterised by the conclusion of pure trading deals with very short order and delivery times, while some project transactions in the IT system house & managed services segment may take up to six months.

Against this background, the incoming orders largely correspond to the revenues during a fiscal year. In the reporting period, incoming orders amounted to approximately 1.43 billion euros, about the same value as in the prior year (1.41 billion euros). Organically, the incoming order volume was identical to that of the prior year, though a decline of about 4 per cent was recorded in the fourth quarter. At segment level, too, incoming orders changed only slightly compared to the prior year. The IT system house & managed services segment accounted for 0.95 billion euros (prior year: 0.92 billion euros), and the IT e-commerce segment for 0.48 billion euros (prior year: 0.49 billion euros). Though the order backlog in the IT system house & managed services segment is almost one month, it is only a few days in IT e-commerce. Thus, the order backlog did not undergo any major changes compared to the prior year

The managed services area, which takes over the IT operating responsibility for the customer, is characterised by long-term contractual relationships. However, separate figures are not published for this business area.

Bechtle offers a comprehensive product spectrum that currently comprises about 37,000 IT items. IT products are subject to ongoing price falls. In the past fiscal year, especially the prices of PCs, servers, notebooks, and printers fell by about 13 per cent compared to the prior year, while the incoming order volume was more or less the same as in the prior year. Thus, Bechtle successfully countered the price fall by increasing the quantity sold. Due to the variety of products, a breakdown of incoming orders and of the order backlog by prices and quantities would make little sense. Moreover, the product mix is largely determined by the vendors and the customer demand and is only actively controlled by Bechtle to a very limited extent. In the past year, the company did not process any large orders that were of outstanding importance for the group as a whole.

Order position in both
segments at prior-year level

As of the end of the year, the order backlog was worth approximately 102 million euros, compared to about 100 million euros in the prior year. The increase was mainly caused by the companies acquired in the third quarter. Of the entire order backlog, the IT system house & managed services segment accounted for about 89 million euros (prior year: 82 million euros), and the IT e-commerce segment for about 13 million euros (prior year: 18 million euros).

Revenue Performance

In the fiscal year 2008, Bechtle achieved a new revenue record of 1.43 billion euros. Due to the economic decline in the course of the year, performance fell just short of the original target of 1.5 billion euros.

REVENUE in million euros

2004	1,088	+ 37.4%
2005	1,178	+ 8.3%
2006	1,220	+ 3.6%
2007	1,383	+ 13.4%
2008	1,431	+ 3.5%

Revenues increased by 3.5 per cent from 1,383.5 million euros in the prior year to 1,431.5 million euros in the reporting period. Most of this growth (2.3 per cent) was organic. Apart from the newly acquired companies, the sale of TomTech as of 1 September 2008 must also be taken into consideration in connection with the acquisition-related growth in 2008.

In the reporting period, the main drivers of organic growth were primarily the domestic system houses and e-commerce companies, which increased by just over 4 per cent, respectively. Here, especially investments made in previous years in the expansion and further qualification of the sales team are noticeable. The growth was stronger during the first half of the year; from July to December, the dynamics abated.

This development can also be seen from an examination of the individual quarters. The seasonality of Bechtle's business during the year and the great significance of the fourth quarter remain unchanged. Thus, a revenue increase is still evident during the course of the year. However, the contributions of the third and fourth quarters to the annual revenue each receded by about one percentage point, while the two earlier quarters grew at a similar rate. This points to the effects of the economic slowdown rather than a seasonality shift. Against this background, the fourth-quarter revenue of 404.8 million euros – an amount that was only 1.1 per cent under the amount of the prior-year quarter – is particularly noteworthy.

**Unchanged seasonality,
strong fourth quarter**

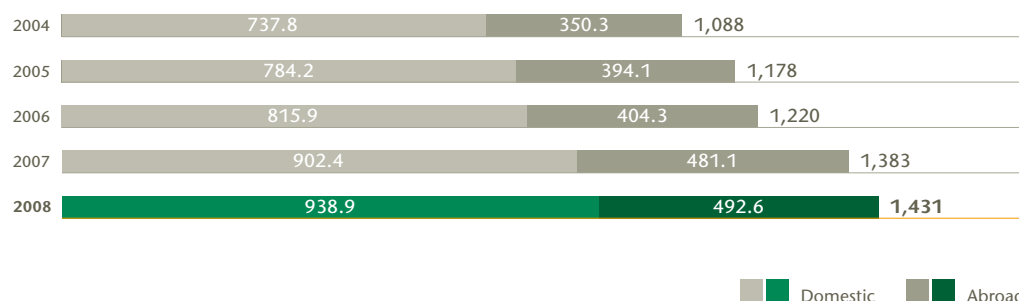
REVENUE PERFORMANCE 2008 in million euros

	Q1	Q2	Q3	Q4
Revenue	336.9	344.5	345.4	404.8
% of total annual revenues	23.5	24.1	24.1	28.3

Due to the rise in the number of employees, Bechtle's group productivity dropped slightly in 2008. Based on an average number of 3,971 full-time employees (prior year: 3,805), the revenue per employee amounted to 360,000 euros, compared to 364,000 euros in the prior year.

Germany continues to be the most important market for Bechtle. The domestic revenue totalled 938.9 million euros (prior year: 902.4 million euros), which represents a share of 65.6 per cent (prior year: 65.2 per cent) of the total revenue. The international revenue of 492.6 million euros (prior year: 481.1 million euros) accounted for 34.4 per cent of the total revenue (prior year: 34.8 per cent). Thus, compared to the prior year, the revenue distribution shifted slightly in favour of the domestic market. This was due to the acquisitions in Germany and the above-average growth of the domestic system houses.

REGIONAL REVENUE DISTRIBUTION in million euros



Cost and Earnings Performance

Cost of revenue

In the reporting period, the cost of revenue increased by 2.1 per cent from 1,188.1 million euros to 1,213.3 million euros. There are mainly two reasons why this increase was lower than the revenue increase. Firstly, Bechtle was able to improve the cost structure by optimising processes in both segments and by closing down loss-making locations and consolidating neighbouring locations in the IT system house & managed services segment. Secondly, the contribution margin in this segment was stepped up, partly owing to the sales staff qualification measures, which enable them to offer

Improved efficiency contributed to increased gross earnings

superior services. The shares of the personnel and material expenses in the cost of revenue did not change in the reporting period. The gross earnings increased by 11.7 per cent from 195.3 million euros to 218.1 million euros. The gross margin went up from 14.1 per cent to 15.2 per cent.

COST OF REVENUE/GROSS EARNINGS in million euros

	2004	2005	2006	2007	2008
Sales costs	935.2	1,020.4	1,046.6	1,188.1	1,213.3
Cross profit	153.0	157.9	173.6	195.3	218.1
Cross margin in %	14.1	13.4	14.2	14.1	15.2

Sales and Administrative Expenses

On the other hand, sales and administrative expenses rose disproportionately in relation to revenues. This was partly due to the new recruitments in the sales teams of both segments and the larger number of employees in the administration within the framework of the new group structure. In the medium run, these new recruitments will have a positive effect for Bechtle. The expansion of the sales team was necessary in order to keep up the high growth rate of Bechtle. New administrative jobs needed to be established in order to support the new group structure. In future, the subsidiaries will benefit in that they will have less administrative work and be able to concentrate largely on their operating activities. Sales expenses increased by 11.2 per cent from 81.4 million euros to 90.5 million euros. The share in the total revenue went up from 5.9 per cent to 6.3 per cent as scheduled. Administrative expenses were 12.6 per cent higher than in the prior year, amounting to 75.7 million euros (prior year 67.2 million euros). As expected, the ratio grew from 4.9 per cent to 5.3 per cent.

Other operating income dropped from 11.5 million euros to 8.3 million euros. In the prior year, special one-time non-operating effects of 2.6 million euros had been reported under this item. Moreover, marketing and advertising expense allowances were shifted to the revenues.

Sales and administrative expenses developed according to plan

SALES/ADMINISTRATIVE EXPENSES in million euros

	2004	2005	2006	2007	2008
Distribution costs	63.7	68.5	73.7	81.4	90.5
Distribution costs quota in %	5.9	5.8	6.0	5.9	6.3
Administrative costs	56.4	55.5	62.7	67.2	75.7
Administrative costs quota in %	5.2	4.7	5.1	4.9	5.3

Marketing Expenses

The marketing expenses of Bechtle AG are part of the distribution costs, except for the expenses for the Bechtle catalogue, which are allocated to the cost of sales. Broken down by segments, the expenses in the reporting period amounted to 2.6 million euros in IT e-commerce (prior year 2.2 million euros) and 1.7 million euros in IT system house & managed services (prior year 1.2 million euros).

As a trading company, Bechtle sells third-party products in the IT e-commerce segment. As usual in this sector, marketing expenses are mostly balanced by income in the form of vendor incentives. In the IT system house & managed services segment, too, many of the marketing campaigns are supported by the vendors. Thus, the said expenses only have a minor impact on the company's earning position.

With more than 900 pages, the Bechtle catalogue is one of the most important marketing instruments in IT e-commerce. It is released twice a year with an average print run of 150,000 copies in six languages and eleven country versions. The catalogue is centrally prepared in Neckarsulm, Germany, for all countries. The other marketing campaigns in this segment mainly concern product advertising via mailing campaigns and the weekly dispatch of printed product information. Bechtle also makes limited use of online advertising. The individual international subsidiaries are largely free to select their own marketing campaigns in order to take the specific needs of the respective country markets into consideration. The main focus is on online marketing in some countries and on printed publications in others.

The Bechtle catalogue – still one of the most important marketing instruments

In the IT system house & managed services segment with its decentralised structure, especially the system houses conduct marketing campaigns in their individual target regions. Thus, numerous activities like customer events, IT forums, and in-house fairs took place in the reporting period. Such events are organised and rolled out by the respective locations. The IT system houses get support from the central event management of Bechtle AG. A customer event held by the system house Hanover under the motto "Thousand and One Solutions" in the Yemenite pavilion on the EXPO grounds was one of the larger events. More than 170 visitors benefited from the wide range of information and entertainment.

The holding also engages in supporting and accompanying market activities, especially for the competence centres or the central managed services division. All campaigns mainly serve the presentation of Bechtle's product and service portfolio and customer bonding. The key elements of the central marketing campaigns are the customer and staff journal "Bechtle update" and the Bechtle Competence Centre Day (CC Day). "Bechtle update" is published four times a year and reports about the latest events in the company and successful projects and presents the locations of the Bechtle Group. At the annual CC Day, Bechtle presents the entire bandwidth of its range of services to customers and to its own employees at the company headquarters in Neckarsulm, Germany. In the reporting period, about 800 people visited the CC Day.

Bechtle usually does not participate in professional trade shows with its own booths, but in cooperation with vendors or partners at their booths.

Earnings Situation

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) increased by 3.3 per cent to 74.1 million euros (prior year: 71.8 million euros). The EBITDA margin remained stable at 5.2 per cent.

EBITDA in million euros

2004	49.0	+ 40.5%
2005	53.1	+ 8.5%
2006	60.2	+ 13.3%
2007	71.8	+ 19.2%
2008	74.1	+ 3.3%

Depreciation and amortisation amounted to 13.9 million euros, about 3.0 per cent more than in the prior year (prior year: 13.5 million euros). Property, plant and equipment and software accounted for 9.6 million euros, the bulk of the amount (prior year: 10.0 million euros). The property, plant and equipment is mostly made up of the company's own IT and office equipment. Moreover, depreciation of property, plant and equipment included tenant installations and assets used by the customer under long-term maintenance agreements.

Customer bases and customer service agreements accounted for other amortisation amounting to 3.7 million euros (prior year: 3.5 million euros). The increase was mainly related to acquisitions in the reporting period and the resulting increased need for depreciation and amortisation.

In the reporting period, Bechtel AG also amortised brands. The Artikona companies in the Netherlands, which were acquired in 2006, now operate under the name of the parent company ARP. This resulted in amortisation of the previous brand value amounting to 0.6 million euros.

At 1.0 per cent, the depreciation and amortisation rate remained at the prior-year level and is rather insignificant compared to the other expense items. For 2008, the impairment test of the goodwill again did not reveal any need for impairment.

The operating earnings before interest and taxes (EBIT) improved by 3.4 per cent to 60.2 million euros (prior year: 58.3 million euros).

EBIT in million euros

2004	37.7	+ 39.5%
2005	41.2	+ 9.1%
2006	45.7	+ 11.0%
2007	58.3	+ 27.4%
2008	60.2	+ 3.4%

Due to the good financing situation of Bechtle AG, the financial earnings, i.e. the balance of the interest payable and the interest income, amounted to 1.3 million euros in the reporting period (prior year: 0.8 million euros).

Earnings before taxes (EBT) increased by 4.3 per cent from 59.0 million euros to 61.5 million euros. Thus, Bechtle AG was able to exceed the target of 60 million euros. Despite the more difficult economic conditions towards the end of the year, the earnings position again improved from 19.5 million euros to 20.2 million euros in the fourth quarter, especially due to increases in efficiency. The final quarter accounted for approximately 33 per cent of the earnings, a value that was about the same as in the very strong prior-year quarter.

Own earnings forecasts exceeded

EBT in million euros

2004	37.6	+ 37.9%
2005	41.2	+ 9.6%
2006	45.9	+ 11.4%
2007	59.0	+ 28.7%
2008	61.5	+ 4.3%

In the reporting period, the EBT margin remained at 4.3 per cent, a level that is very high for this sector.

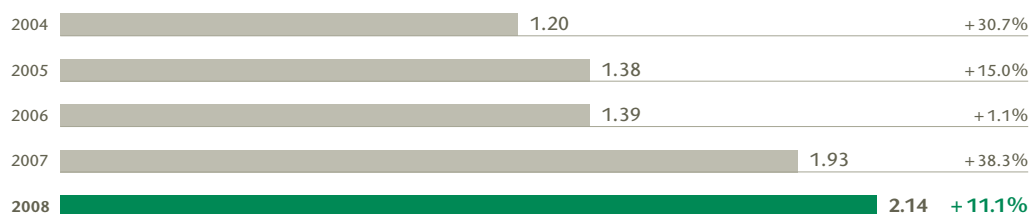
EBT MARGIN in per cent



In the reporting period, income tax expenses fell by 10.8 per cent from 18.0 million euros to 16.1 million euros, mainly due to the reduction of the corporation tax rate as a result of the corporate tax reform. Thus, the tax ratio was reduced considerably from 30.6 per cent to 26.2 per cent.

Earnings after tax amounted to 45.4 million euros, 10.9 per cent more than in the prior year (prior year: 41.0 million euros). Earnings per share (EPS) increased by 11.1 per cent over the prior year to 2.14 euros (prior year: 1.93 euros). The reason for the slightly higher increase in EPS compared to the earnings after tax was the lower number of average shares due to the share buy-back programme.

EPS in euros



The individual financial statements of Bechtle AG form the basis for the appropriation of retained earnings and thus for the distribution of dividends. The reported annual profit was 22.2 million euros. After adding 9.5 million euros to the reserves, the retained earnings for the fiscal year amounted to 12.7 million euros. The Executive Board proposes to the Supervisory Board to distribute the retained earnings to the shareholders and to submit a proposal for payment of a dividend of 0.60 euros per share to the Annual General Meeting. In this way, the dividend per share would be at the prior-year level. At the time of preparation of the report on 2 March 2009, there were 20,986,097 shares entitled to dividends. The treasury shares purchased by the company under the share buy-back programme are not entitled to dividends.

**Executive Board proposes
dividend of 0.60 euros**

Segment Report

The activities of the Bechtle Group are associated with the two segments IT system house & managed services and IT e-commerce. This split reflects the main pillars of the business model, which combines the vendor-independent centralised direct sale of IT products (IT e-commerce) with the decentralised provision of services and IT infrastructure trading (IT system house & managed services) in an integrated approach.

IT System House & Managed Services

In 2008, Bechtle AG generated revenues of 927.5 million euros (prior year 885.8 million euros) in the IT system house & managed services segment. This means an increase of 4.7 per cent or 41.8 million euros. This segment was very successful even in the more difficult second half of the year. The service-driven projects and service contracts usually involve medium or long terms and are therefore less susceptible to economic trends than the short-term trading-only business. Moreover, the sales staff qualification measures yielded a positive effect in the reporting period. All in all, Bechtle generated 64.8 per cent of the group revenues in this segment (prior year: 64.0 per cent).

SEGMENT REVENUE IT SYSTEM HOUSE & MANAGED SERVICES in million euros

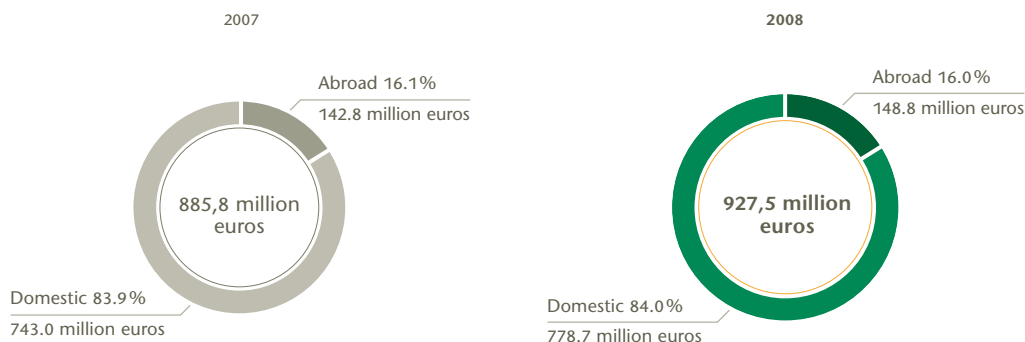
2004	730.0	+21.1%
2005	811.0	+11.1%
2006	817.0	+0.7%
2007	885.8	+8.4%
2008	927.5	+4.7%

In the reporting period, the company again increased its productivity in the IT system house & managed services segment. Apart from the said further qualification of the employees, process efficiency improvements also played a role. In the reporting period, based on an average number of 3,048 full-time employees (prior year: 2,975 employees), the revenue per employee increased by 2.2 per cent to 304,000 euros (prior year: 298,000 euros).

At 778.7 million euros, the revenue share of the domestic system houses amounted to 84.0 per cent, almost the same as in the prior year (prior year: 83.9 per cent). This includes the two acquisitions in North Rhine-Westphalia.

In 2008, the share of the international system houses was 16.0 per cent. For the first time, this figure also includes the newly acquired Austrian companies and amounted to 148.8 million euros, compared to 142.8 million euros in the prior year.

REVENUE DISTRIBUTION IN THE IT SYSTEM HOUSE & MANAGED SERVICES SEGMENT

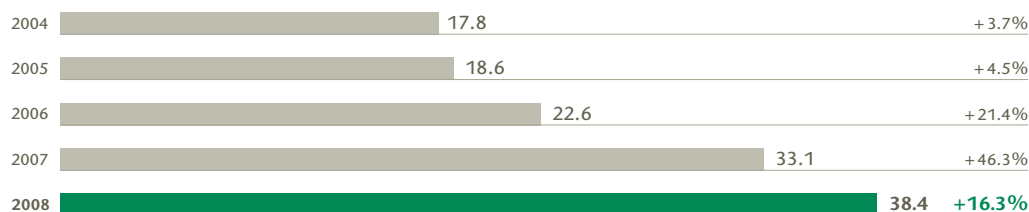


Organically, the revenue in this segment amounted to 911.8 million euros, 2.9 per cent more than in the prior year. The acquisitions in Germany and Austria, most of which were realised in the second half of 2008, contributed 15.7 million euros to the revenue.

In 2008, the EBIT in the IT system house & managed services segment increased by 16.3 per cent to 38.4 million euros (prior year: 33.1 million euros). Thus, the prior-year value was eclipsed, and the positive special effects amounting to 2.6 million euros, which were contained in the EBIT 2007, were more than equalised.

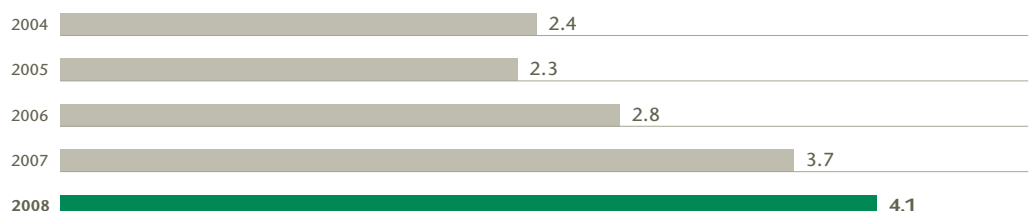
Substantial profitability increase in the IT system house & managed services segment

EBIT in million euros



Accordingly, the EBIT margin increased from 3.7 per cent to 4.1 per cent. Without the special effect, the EBIT margin in the prior year was 3.4 per cent, which makes the leap even more noteworthy. This improved margin is mainly the result of efficiency improvement measures such as the closedown and consolidation of locations and improved productivity.

EBIT MARGIN in per cent



IT E-Commerce

In the IT e-commerce segment, the revenue in the fiscal year 2008 increased by 1.3 per cent from 497.7 million euros to 503.9 million euros. Following a good start, the effects of the macroeconomic slowdown became increasingly evident in the second half of the year.

IT E-COMMERCE SEGMENT REVENUE in million euros

2004	358.2	+ 89.5%
2005	367.2	+ 2.5%
2006	403.1	+ 9.8%
2007	497.7	+ 23.5%
2008	503.9	+ 1.3%

However, the strategically motivated sale of TomTech as of 31 August must also be taken into consideration in this segment. From September to December of the prior year, TomTech had contributed 5.5 million euros to the revenue, an amount that was missing in the growth in the reporting period. The share of the trading business in the total revenue receded slightly from 36.0 per cent in the prior year to 35.2 per cent.

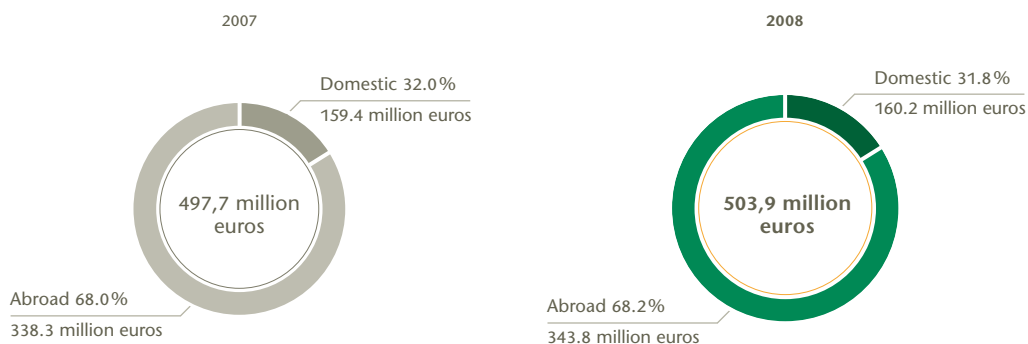
In the reporting period, the price pressure further intensified especially on hardware products. Thus, the quantities sold had to be increased substantially in order to achieve the same revenues. In 2008, Bechtle succeeded in doing this. Yet, the decline in prices and the slackening economy could not be compensated fully.

In 2008, Bechtle had an average of 923 full-time employees in the IT e-commerce segment (prior year: 830). In the past year, the revenue per employee dropped to 546,000 euros (prior year: 600,000 euros). Bechtle's objective is to achieve profitable growth even in difficult times. This is only possible with a duly qualified, effective team. These were the reasons for the new appointments, which are expected to support the growth dynamics of IT e-commerce in and after the current year.

Due to the internationalisation strategy, the foreign share of IT e-commerce is on the rise. In the reporting period, the revenues of the international companies amounted to 343.8 million euros (prior year: 338.3 euros), or a share of 68.2 per cent (prior year: 68.0 per cent). The domestic trading companies accounted for 160.2 million euros (prior year: 159.4 euros), a share of 31.8 per cent (prior year: 32.0 per cent) of the segment revenue.

Increased sales compensate effect of sinking prices

REVENUE DISTRIBUTION IN THE IT E-COMMERCE SEGMENT



In the reporting period, the EBIT in the IT e-commerce segment receded by 3.4 million euros from 25.2 million euros to 21.8 million euros.

EBIT in million euros



The EBIT margin dropped from 5.1 per cent to 4.3 per cent. This development reflects the disproportionately low revenue performance in relation to the expenses for employees hired in 2008 as well as the required proactive investments for the expansion of the *Comsoft* and *ARP* activities. In the medium run, IT e-commerce continues to target a margin of 5 per cent.

EBIT MARGIN in per cent



ASSETS POSITION

The sustainable growth of Bechtle AG is based on a solid balance sheet and balanced capital figures. The company was able to further improve relevant balance-sheet indicators, most importantly the equity ratio.

As of the closing date 31 December 2008, the balance-sheet total of the Bechtle Group amounted to 496.1 million euros, a growth of 44.6 million euros or 9.9 per cent over the prior year.

CONDENSED BALANCE SHEET in million euros

	2004	2005	2006	2007	2008
Assets					
Non-current assets	125.7	140.3	143.0	145.6	157.0
Current assets	260.2	273.6	275.2	305.9	339.1
Equity & liabilities					
Equity	217.2	237.4	249.2	276.5	311.4
Non-current liabilities	26.8	26.9	28.1	23.8	31.0
Current liabilities	141.9	149.6	143.4	151.2	153.7
Balance sheet total	385.9	413.9	420.8	451.4	496.1

On the assets side, the increase is mainly the result of the substantial rise in current assets, which increased by 33.3 million euros or 10.9 per cent to 339.1 million euros, primarily due to the increase in cash and cash equivalents. Including securities, these increased by 43.2 per cent from 54.2 million euros to 77.6 million euros. Together with unused credit lines amounting to 39.9 million euros (prior year: 41.6 million euros), the Bechtle Group has a solid liquidity reserve of 117.5 million euros (prior year 95.9 million euros), which leaves enough freedom for further acquisitions and future growth. Of the credit lines of about 42.3 million euros available as of the end of the fiscal year, Bechtle had utilised 2.4 million euros for bank guarantees.

A higher business volume and an accrual of incoming orders as of the end of the year in the IT system house & managed services segment inflated the inventories by 5.3 million euros to 52.1 million euros. The ratio of inventories to revenues increased slightly from 3.4 per cent to 3.6 per cent. The value indicates that Bechtle only ties up a small amount of capital in the form of stock in hand. Moreover, the majority of the inventories are linked directly to projects and are purchased on behalf of the customer. Trade receivables amounted to 188.4 million euros, a value slightly under the prior-year value of 189.3 million euros. Here, the receivables management of Bechtle AG ensures a relatively low DSO value of 38.4 days (prior year: 38.7 days).

Bechtle has a comfortable liquidity reserve

Other current assets totalled 19.4 million euros, 6.0 million euros more than in the prior year. The item mainly consisted of refunds and other receivables from suppliers in connection with advertising allowances and outstanding credit notes amounting to 10.4 million euros (prior year: 10.0 million euros).

All in all, the share of current assets in the balance-sheet total increased slightly from 67.8 per cent to 68.4 per cent. Accordingly, the investment ratio (ratio of non-current assets to the balance-sheet total) fell from 32.2 per cent to 31.6 per cent. In absolute terms, non-current assets increased by 11.4 million euros to 157.0 million euros. Due to acquisitions, the goodwill increased by 5.9 per cent from 99.9 million euros to 105.8 million euros. The increase in property, plant and equipment from 19.6 million euros to 23.8 million euros in the reporting period was also the result of the acquisitions and building activities. The coverage of the non-current assets by the equity increased from 189.9 per cent in the prior year to 198.4 per cent in the reporting period.

Higher goodwill due to acquisitions

In the business of Bechtle AG, which does not intensively involve property, plant and equipment, the ROCE (return on capital employed) is mainly characterised by the development of the current assets and liabilities on the one hand and the earnings performance on the other. The positive development is reflected by this factor as well as by the working capital increase associated with the expansion of the business. In previous years, Bechtle's ROCE remained largely stable at around 20 per cent. In the reporting period, it amounted to 22.7 per cent (prior year: 23.4 per cent). In view of the increased earnings, this change can be attributed to the increase in average capital employed. While the EBIT merely increased by 3.4 per cent over the prior year, the increase in the average capital employed from 249.5 million euros to 264.9 million euros amounted to a respectable 6.2 per cent.

ROCE in % | CAPITAL EMPLOYED in million euros

	2004	2005	2006	2007	2008
ROCE	19.9	20.0	19.7	23.4	22.7
Capital employed	189.8	205.9	231.6	249.5	264.9

In relation to the balance-sheet total, the working capital fell from 29.9 per cent in the prior year to 28.7 per cent. This was due to the lower build-up of trade receivables towards the end of the year.

WORKING CAPITAL in million euros

	2004	2005	2006	2007	2008
Working capital	82.8	101.0	121.4	134.9	142.5
In % of the balance total	21.5	24.4	28.9	29.9	28.7

On the equity and liabilities side, current liabilities amounted to 153.7 million euros, about 2.5 million euros more than in the prior year. For reasons related to the balance-sheet date, trade liabilities amounted to 83.3 million euros, a value that was 5.0 million euros lower than in 2007. Due to the short-term loans raised and the transfer of liabilities with remaining terms to maturity of less than one year, current financial liabilities increased from 4.4 million euros to 10.5 million euros. Other current liabilities and deferrals and accruals also increased by 4.0 million euros from 47.5 million euros to 51.5 million euros. This balance-sheet item mainly consists of liabilities due to personnel. In the reporting period, these liabilities increased by 5.4 million euros from 16.0 million euros to 21.4 million euros as a result of the higher performance-related compensation components due to the positive business performance. The non-current financial liabilities of the Bechtle Group as of 31 December 2008 increased by 1.5 million euros to 5.2 million euros. All in all, the share of non-current debts in the balance-sheet total progressed from 5.3 per cent to 6.2 per cent.

As of the closing date, there were no contingencies toward special-purpose entities not included in the consolidated financial statements. Investment obligations due to building activities amounted to 0.9 million euros.

In the reporting period, the equity increased by 35.0 million euros or 12.7 per cent from 276.5 million euros to 311.4 million euros. The increase is the result of the consolidated earnings after tax amounting to 45.4 million euros less the dividend payment of 12.7 million euros. The total cost of purchased treasury shares amounting to 2.2 million euros, which was presented in the balance sheet as of 31 December 2008, reduced the equity. Despite the balance extension, the equity ratio increased from 61.2 per cent to 62.8 per cent in the reporting period. The return on equity remained unchanged: 16.9 per cent.

In 2008, the equity ratio underwent another substantial increase to 62.8 per cent

RETURN ON EQUITY AND RETURN ON TOTAL ASSETS in per cent

	2004	2005	2006	2007	2008
Return on equity	13.6	13.8	12.9	16.9	16.9
Total return on capital	8.0	8.3	8.0	10.3	10.7

In the reporting period, the debt coefficient of the Bechtle Group improved to 0.59, compared to 0.63 in the prior year.

The return on assets, which indicates the return on the entire utilised capital, also improved in the reporting period. Despite the balance extension, it amounted to 10.7 per cent (prior year: 10.3 per cent) as of 31 December 2008 due to the profound increase in earnings.

Fair Value

In general, the fair value of the current assets corresponds to the carrying value. This also applies to the other intangible assets, property, plant and equipment, receivables from income taxes, accruals and deferrals, other non-current assets, and deferred taxes within the scope of the non-current assets. The valuation method used for the annual impairment test was calculated on the basis of a utilisation value determined by means of a discounted cash flow method. The utilisation value greatly exceeds the recognised goodwill, so that this asset is not impaired. The amount in which the excess applies to goodwill-forming factors or off-balance-sheet intangible assets has not been determined. The carrying value of the long and short-term debts also basically corresponded to the fair value.

Intangible Assets

The assets of a company not only consist of quantifiable elements that can be measured in figures, but also of elements that can only be described in qualitative terms. The employees of Bechtle AG are doubtlessly among the most important assets. The group reports on this subject in a separate chapter on pages 35 ff.

Moreover, Bechtle considers the supplier relationships in both business segments to be highly significant for the company's success. Bechtle collaborates with more than 300 vendors and about 600 distributors across Europe. Based on a close supplier relationship, Bechtle is able to offer its customers a comprehensive spectrum with transparent market prices and quick availability. Usually, ordered goods are delivered within 24 hours in the form of fulfilment solutions directly from the vendor or distributor to the customer.

Bechtle collaborates closely with vendors and distributors

Thanks to the close partnership with the vendors – partly via in-house product managers for the most important vendors – Bechtle receives information about new product developments at an early stage and is therefore always able to offer customers optimum solutions.

Especially in the consulting-intensive service business, customer relationships are the key to success. Respectability, reliability, and continuity are indispensable properties of customer relationships, particularly in dealings with medium-sized customers. Bechtle has been active in the IT market for more than 25 years and has concentrated on medium-sized customers as the core segment from the outset. Therefore, the company not only has a grown customer base, but is also able to use its long-standing experience to quickly establish a successful basis for new customer relationships.

Thanks to the broad market acceptance and the high market penetration, the brands *Bechtle direct*, *ARP Datacon*, and *Comsoft direct*, which belong to the Bechtle Group, represent an intangible asset for the company. The positive image of the brands among customers, vendors, and employees, which has been built up over many years, is very important for the group's business success.

FINANCIAL POSITION

The success of Bechtle AG in the fiscal year 2008 was also evident from the cash flow statement. The company again succeeded in increasing the operating cash flow and stepping up additional liquidity reserves. These are vital preconditions for continuing to finance growth from the company's own resources.

Financial Management Principles and Objectives

The objective of Bechtle's financial policy is to keep the group's financial power at a high level, thereby retaining the company's financial independence by securing the liquidity. At the same time, risks are to be avoided as far as possible. Therefore, the rules of procedure of the Executive Board state that the execution of all kinds of speculative forward transactions is subject to the approval of the Supervisory Board – especially for currencies, goods, and securities – unless they serve the hedging of regular business operations or individual business incidents, orders, or associated risks or are belong to usual business operations.

Financial independence
main objective of the financial
management

As a matter of principle, Bechtle uses derivative financial instruments exclusively for hedging purposes. In the reporting period, these were currency futures and interest swaps (see Notes to the Consolidated Financial Statements, pages 159 ff). The hedging of the group currency euro represents a key subject of the financial management. The company endeavours to use hedging measures that protect the equity in euros and that do not have any effect on profit or loss in the income statement. Hedging measures are mainly taken for Swiss francs, as material amounts of foreign asset items and foreign-currency cash flows are held and generated primarily in Swiss francs.

For the investment of excess liquidity, quick availability is more important than maximum yield, e.g. in order to be able to access available cash and cash equivalents in the event of acquisitions. Thus, pure financial goals – such as the optimisation of the interest yield – are subordinate to the acquisition strategy and the company growth.

Investment business was only conducted with investment-grade debtors. Extensive financial flexibility forms the basis for success in a highly consolidated market. The liquidity situation is centrally managed and monitored by the treasury (see Risk Report, chapter "Finance", pages 90 ff).

Cash Flow Statement

In the reporting period, the cash flow of the Bechtle Group again underwent an extremely positive development.

Compared to the prior year, the operating cash inflow increased by 18.9 per cent to 49.9 million euros (prior year 42.0 million euros). Apart from the higher earnings before taxes, especially changes in the net equity provided the basis for this positive development. A cash inflow of 6.9 million euros was generated from the reduction of trade receivables, while the cash outflow from the build-up of inventories was 2.3 million euros lower than in the prior year.

Significant increase in cash inflow from operating activity

The development of the utilisation of capital for liabilities under net equity moved in the opposite direction. For reasons related to the balance-sheet date, the cash outflow from the reduction of trade liabilities was 7.4 million euros higher than the prior-year value.

The cash outflow from investment activities nearly doubled from 9.5 million euros to 18.1 million euros. In this area, the payments for acquisitions, which increased from 7.7 million euros in the prior year to 9.4 million euros, and the investments in intangible assets and property, plant and equipment, which increased by 3.4 million euros to 13.7 million euros, were especially noteworthy. In the fiscal year 2007, the company had also realised a one-time cash inflow of 4.7 million euro from the sale of property in Switzerland.

The free cash flow went up from 25.8 million euros to 28.3 million euros. The improvement was associated with the positive development of the operating cash flow and the only slightly increased outflow for acquisitions and investments in intangible assets and property, plant and equipment. Moreover, an initial instalment from the sale of TomTech was recorded as an inpayment.

In the reporting period, the negative cash flow from financing activities amounted to 10.1 million euros, compared to 16.1 million euros in the prior year. Especially new short and long-term financial liabilities had an alleviating effect, while the cash outflow for the distribution of dividends and the purchase of treasury shares increased.

As of the end of the reporting period, cash and cash equivalents had increased considerably by 25.0 million euros to 77.3 million euros.

CASH FLOW in million euros

	2004	2005	2006	2007	2008
Cash flow by					
– Operating activities	46.2	28.1	26.9	42.0	49.9
– Investing activities	–38.4	–20.2	–19.3	–9.5	–18.1
– Financial activities	19.8	–21.2	–18.3	–16.1	–10.1
Cash and cash equivalents	61.5	48.2	36.7	52.3	77.3
Free cash flow	9.9	6.4	5.7	25.8	28.3

Off-balance-sheet financing instruments, such as factoring or acceptance of liability toward special-purpose entities not included in the consolidated financial statements were, in principle, not used in the reporting period or in previous fiscal years. The construction of the annexe at the headquarters of Bechtle AG, which is financed via sale and lease back, is the only exception.

Liquidity secures growth

In view of the strong operating business performance, the Executive Board of Bechtle AG does not see any signs of liquidity bottlenecks of the group. There are still sufficient financial resources for further organic growth and acquisitions.

STRATEGIC FINANCING MEASURES

The company has a relatively high equity ratio of 62.8 per cent. The current business, necessary replacement investments, and the share buy-back programme are financed with cash and cash equivalents and the current operating cash flow. The need for funds for acquisitions in the past fiscal year was partly covered by cash, cash equivalents, and new financial liabilities. As there were no major investment projects, no strategically significant financing measures, such as capital increases or the issue of bonds, were necessary in the past fiscal year.

The financial strategy of Bechtle AG provides for continuous review and, if necessary, optimisation of the capital structure. The increase in current and non-current financial liabilities from 9.8 million euros to 15.7 million euros in the reporting period improved the leverage and thus the efficiency of the capital structure. At the same time, the available cash and cash equivalents ensure financing security.

Regardless of its own investment projects and the situation in the capital market, Bechtle AG pursues the goal of having sufficient access to various financing sources at all times.

JUDGMENTS AND ESTIMATES

During the fiscal year, no voting rights were exercised and no balance-sheet-related arrangements were made which, if exercised or arranged differently, would have had a material effect on the assets, earnings, and financial position.

Information about the effect of estimates, assumptions, and judgments made especially in connection with the valuation of the property, plant and equipment, intangible assets, goodwill, doubtful debts, pension liabilities, provisions, contingencies, and tax expenses is presented on pages 130 f of the Notes to the Consolidated Financial Statements.

A past decision that was significant for the balance sheet concerned the construction of the new company headquarters. In the fiscal year 2002, Bechtel concluded a lease for the central logistics and administration building in Neckarsulm, Germany. Alternatively, the building could have been purchased. In this case, the acquisition costs of about 31 million euros for the building would have had to be entered in the balance sheet as an asset under property, plant and equipment, which would have increased the non-current assets and the investment ratio in the subsequent fiscal years. Depending on the financing mode, the assets and financial position could have been affected substantially. Debt financing would have increased the long-term debts, and the resulting balance extension would have reduced the equity ratio. The use of cash and cash equivalents for financing purposes would have resulted in a reduction of the financial flexibility.

In connection with the accounting of provisions for pensions, Bechtel does not recognise the actuarial gains and losses according to the so-called corridor method (IAS 19.92), but always directly in the equity in their full amount in the period in which they accrue, according to IAS 19.93A. Thus, all actuarial losses that accrued until the balance-sheet date have been fully recognised and presented in the equity. Had the corridor method been used, only a certain part of the actuarial gains and losses would have been entered in the respective reporting period and recognised in the income statement.

At the time of addition of financial assets or financial liabilities, there is a one-time option to measure the asset or liability at fair value in the income statement (IAS 39.9). So far, Bechtel has not made use of this option and measures granted credit and receivables at amortised cost and financial assets available for sale at fair value directly in equity. So far, the use of the option for measurement at fair value in the income statement would not have resulted in any major changes in the valuations.

25 YEARS AGO

I dreamed of sailing across the seas.



Today, Alfred Neidhard is the director of the two Bechtle IT system houses in Rottenburg and Stuttgart, Germany. He is also responsible for the integration of the new Austrian locations in the Bechtle Group.

“Sailing rough seas, struggling against wind and waves has always been an exhilarating experience for me. I also value freedom and independence in my job – important reasons why I like being at Bechtle after many years of self-employment. Here, employees can operate as entrepreneurs in virtually all positions. Everyone can move something. Like skippers, we steer and control our business independently. This requires a lot of trust and is a great challenge. This is exactly what makes Bechtle successful and unique. To me, entrepreneurial freedom is the greatest motivation for giving my best.”



RISK REPORT

The principles of value-oriented, responsible corporate management include the exploitation of business opportunities and the proactive control of the associated risks. Continuous risk and opportunity management with efficient early risk identification and monitoring is an integral element of the strategy and business development and of the internal management and control systems in the Bechtle Group.

RISK AND OPPORTUNITY MANAGEMENT

Basic Understanding

At Bechtle AG, risk and opportunity management are closely interlinked, just as they should be. An “opportunity” can be the possibility of an event or trend that is favourable for the company or a potential positive variance from a planned scenario. The internal opportunity management of Bechtle AG is mainly derived from the strategy of the business segments and their goals. The group’s Executive Board and the operational management in the individual business segments and holding companies are directly responsible for the early and continuous identification, assessment, and control of opportunities. Thus, like the risk management, these tasks are an integral part of the corporate planning and control system. Therefore, the management of Bechtle AG puts a lot of emphasis on detailed evaluations and comprehensive scenarios concerning the market and competition situation, relevant cost drivers, and critical success factors affecting the company. From this, concrete potential opportunities are derived for the individual business segments and discussed in planning meetings between the Executive Board and the division heads, and suitable goals are agreed to exploit the potential. The individual opportunities of the Bechtle Group are presented in the Forecast Report, pages 100 ff.

The possibility that an event could have a negative impact on the business is referred to as “risk”. Thus, a risk is the danger of not being able to achieve goals or successfully implement strategies. This includes all internal or external events, actions, or omissions that constitute a potential threat to the company’s success or existence. The definition of risk is not limited to negative developments or events, but also expressly includes the failure to use or the inadequate use of positive development possibilities.

At Bechtle AG, “risk management” is defined as the entirety of all organisational arrangements and measures to identify risks and to effectively counter these risks. The main objective of the risk management is the due identification of material and existential risks and the initiation of suitable measures with the framework of risk control, thereby minimising or averting harmful consequences of the potential occurrence of a risk for the company. Efficient risk management makes sure that personnel and resources can be deployed in such a way that the attainment of corporate goals is supported in the best way possible.

**Missing opportunities
also entails a risk**

The risk management does not intend to avoid all risks. To successfully exploit opportunities, a company must deliberately take risks in the course of its business activity. However, it is important to limit risks to an acceptable degree. This degree is governed by the risk policy and risk strategy that is tuned to the primary basic orientation of the company. At Bechtle AG, the risk strategy is based on the corporate culture, the corporate guidelines, and the company's strategic goals. The key elements of these basic cultural definitions are rooted in the corporate philosophy of Bechtle AG.

With its Vision 2020, Bechtle AG pursues the ambitious goal of achieving revenues of 5 billion euros with 10,000 employees. The targeted profitable growth will inevitably be accompanied by business risks. The risk policy of Bechtle AG must take this into account.

Organisation

The risk management organisation forms the institutional framework for the risk management. In line with the organisational structure of the Bechtle Group, the risk management clearly distinguishes between duties and responsibilities of the group holding and of the operational subsidiaries. In its controlling structure, the holding has established a reporting system that enables the early identification of developments that threaten the company's success. On this basis, suitable standards have been defined for the subsidiaries, which, if applied consistently, allow appropriate and effective risk management. Thus, the directors of the individual companies bear a substantial part of the responsibility (risk owners). This basic understanding also corresponds to the decentralised business model and the management philosophy of Bechtle AG.

Functionally, the following elements can be distinguished within the scope of the risk management organisation:

– Process-independent monitoring

This monitoring comprises the verification of the operability of all processes. The Internal Audit department forms an important part of the process-independent monitoring. It audits business happenings retroactively for compliance and suitability. The activities of the Internal Audit department are based on the provisions of Section 91 (2) of the German Stock Corporation Act (AktG). At Bechtle AG, the tasks of the Internal Audit department are continuously performed during the review of the monthly financial statements and at other times by the group accounting. The effectiveness of the early risk identification and individual risk control measures is checked by the statutory auditor within the scope of the audit of the annual financial statements and by the company during the year.

– Early warning and monitoring system

The structure of the systems is adjusted to the strategic and operational threats and ensures the operability of the risk management and the other corporate processes. Early warning systems are instruments that assist the company in identifying risks and opportunities in good time. In connection with the identification of latent risks, special attention is paid to early indicators. "Monitoring" means the continuous review of the effectiveness, adequacy, and efficiency of the measures and of the necessary audit structures with respect to the identified risks.

Effective communication is a material element of risk management

Within the scope of the risk management, effective communication of important tasks and contents across the hierarchy levels is vital for the interlinking with the business operations. In this connection, board and team work is an important instrument for the organisation and control of the necessary information flow. At the highest level, this is done at Supervisory Board and Executive Board meetings and risk management meetings. At the management level, especially director conferences, so-called ERFA sessions (exchange of experience), strategy conferences, and planning and individual meetings with the Executive Board are held at the locations in order to meet this need.

Risk Identification and Assessment

To record the relevant risks of Bechtle AG as comprehensively as possible, the company uses a risk map. The risk list structures various risk types in the form of a checklist. The content of this list can be customised by the executive staff members involved in the risk identification and assessment in order to take any peculiarities of individual business areas into consideration.

The risk list, whose purpose is to summarise possible risks as comprehensively as possible, serves as the basis for the risk assessment: each risk is assessed for probability of occurrence and expected extent of damage (risk potential) and positioned in a risk matrix indicating the significance (A, B, C risks). An assessment reveals how probable the occurrence of the risk is for the underlying risk potential. The result is a consolidated presentation of all identified risks in the form of a “risk map”, both for Bechtle AG as a group and for each of its business segments.

Risk Control

The company responds to the identified risks on a case-specific basis and with different strategies:

- Risk prevention: Refraining from activities involving risks means that opportunities cannot be used either.
- Risk reduction: Reduction of the average probability of occurrence
- Risk limitation: Minimisation of the probability of occurrence
- Risk compensation: The risk is borne by the company and compensated by an offsetting transaction
- Risk transfer: Transfer of the risk to another (insurance) company
- Risk acceptance: No countermeasures taken

Risk Reporting and Documentation

Bechtle AG holds regular risk management meetings whose contents are subject to ongoing development. In addition to the risk management meeting of Bechtle AG, separate meetings are held for each segment, at which the risks of the individual areas are explicitly discussed with the responsible executive staff members. The members of the Executive Board and the Chairman of the Supervisory Board attend each of these sessions. The division heads and individual employees entrusted with controlling and risk management responsibilities participate in meetings. Thus, all areas and responsibilities that are important for the company’s success are involved in the risk management process.

RISKS

The management believes that the risks described below could have a considerable negative effect on the company's earnings, assets, and financial position and its reputation. Nevertheless, this list does not include all risks to which Bechtle AG is exposed. Other risks that Bechtle is currently not aware of or risks that are currently considered to be of little significance could also impair the company's performance.

Macroeconomy and Industry

Bechtle AG sells IT products in eleven Western European countries and offers IT services in Germany, Austria, and Switzerland. Though the business greatly depends on the domestic market, the development of the European economy as a whole has a decisive effect on Bechtle's growth, as the presence in various European markets accounts for a proportion of about one third of the revenues.

In the fiscal year 2008, the global economy was greatly affected by the crisis in the financial markets. For 2009, economic forecasts predict a deterioration of the economic development. Thus, the outlook for the company's key market and the investment affinity in the industry is further clouded by risks for Bechtle's earnings, assets, and financial position.

Bechtle AG operates in a highly competitive and technologically short-lived market. Both the IT trading segment and the IT service segment are characterised by competition in terms of pricing, product quality, and service quality. Thus, Bechtle could be confronted with mounting price and margin pressure, weakening demand, and slower growth. The IT market is still undergoing a period of consolidation, which may culminate in several stronger competitors and changed market shares. The company's earnings position mainly depends on the effectiveness and, most importantly, on the efficiency with which Bechtle succeeds in fulfilling customers' growing need for smarter IT solutions.

Among other things, Bechtle counters these market risks by strengthening business areas with above-average growth potential, such as managed services. This business field not only offers excellent growth perspectives, it also reduces Bechtle's dependence on economic trends by means of longer contract terms. By strengthening the service offer in this field, Bechtle is actually investing in the future, laying the foundations for growth even in times of weak or halting economic development.

Another measure Bechtle is taking to counter the general economic risk is to strengthen the public clients division, which is of great significance especially in economically difficult times.

Concentration on growth-intensive business fields reduces dependence on economic trends

To further reinforce the market position of Bechtle AG in Europe, the company continually enters new country markets in the IT e-commerce segment. The establishment of new trading companies requires concerted efforts in the field of sales, which may not always be successful. The revenues and earnings could be impaired by start-up costs for the establishment and personnel as well as investments in country-specific sales and marketing activities. Moreover, there is a risk that the selected measures could later be found to lack sustainability or fail to gain the expected market acceptance. Bechtle AG limits this risk by means of extensive market and competition analyses before entering the market, central management of all e-commerce companies, and successive know-how transfer from previous market launches.

Business Activity

Procurement

Bechtle meets the risks in the supply markets with selective supplier management. However, the effectiveness of these measures is limited with respect to the development of the international supply markets. For example, should the current price slump persist for an extended period, this could endanger the group's profitability.

Bechtle procures its products from all renowned manufacturers and distributors in the IT industry. Across Europe, the company cooperates with about 300 manufacturers and more than 600 distributors. Should a partner be unable to supply goods, Bechtle can always offer alternative products at short notice. In terms of its economic situation and existence, the group does not depend on any single supplier. However, Hewlett-Packard products do feature strongly in the product portfolio of Bechtle AG.

The development in the IT market points to intensive competition among manufacturers. As a result of the competitive pressure, the expectations from their sales partners are on the rise. Therefore, Bechtle maintains cooperative and professional relationships with manufacturers in order to fulfil customer and manufacturer requirements in the best way possible.

Bechtle minimises storage risks and reduces the capital tie-up by continuously improving the procurement, throughput, and sales processes. The principle is to procure goods only shortly before they are shipped to the customer or to engage distributors as fulfilment partners. As the ordered goods are often shipped to the customer directly by the manufacturer or distributor, the company can save process and storage costs.

In order to avoid supply bottlenecks due to the short-term storage, the procurement processes are closely interlinked with the manufacturer and distributor systems. This ensures high availability and quick delivery to the customer. Bechtle also benefits from economies of scale from the group-wide volume bundling through central procurement and logistics processes.

Service Range

In the field of managed services, long-term contracts account for the major part of the business. The fixed price guarantee that is often agreed for such projects can affect the generated margin due to changes of the cost basis during the term. Moreover, such contracts contain specific requirements for the project flow and for the compliance with legal regulations. Failure to meet these criteria could lead to damage claims or termination of the contract. Furthermore, in its capacity as general contractor, Bechtle bears the risk of contractual fines due to missed deadlines, unforeseeable developments at the project sites, deficient services of subcontractors, and possible logistical difficulties.

Customers

Although individual companies of the Bechtle Group are somewhat dependent on a limited number of customers, the group as a whole has a very large customer base. Thus, Bechtle's existence does not depend on any single customer. There is no concentration of default risks on individual key accounts. What is more, the diversity of the industries that customers belong to spreads the risk of dependence on individual industry trends. Bechtle meets the potential solvency risk of customers by means of careful checks before entering into business relationships and by means of consistent debt collection management.

Broad medium-sized customer base makes Bechtle independent of large customers

IT

Basic IT risks emerge from the use of computer-based databases and the deployment of ERP, controlling, and accounting systems. For example, a goods availability risk could result if the operability of IT systems necessary for smooth order handling is no longer guaranteed. This could happen due to hardware failures, operating errors, or defects in electronic data processing equipment.

The probability and extent of damage from viruses and hackers is difficult to estimate. The intrusion of unauthorised parties in the IT system could result in a confidentiality risk. Bechtle employs encryption and authentication technologies as well as firewalls to protect confidential information transmitted electronically. Despite high-level protective mechanisms and security standards, there is a danger that internal and confidential information could be used illegitimately.

For the Bechtle Group, backups are a top priority. The central computing centre in Neckarsulm, Germany, which is responsible for ensuring the operability of all IT systems, has developed a strategy of backup measures at various levels that prevent the failure of technical IT systems or at least minimise the probability of occurrence. As far as we can discern, Bechtle is not exposed to any integrity risk from incorrect processing, loss of data, or faulty storage of data.

Among other things, Bechtle protects the IT systems by means of firewalls and strict security regulations. The availability of the IT systems reflects the state of the art. Additionally, Bechtle protects the operation by means of redundant data lines. At all locations, the network connection takes place via backup lines. For the stability of the IT e-commerce systems, Bechtle always employs several providers with a mutual backup function. All material production systems are redundant and subject to a high-availability agreement with the manufacturer. Moreover, the systems are protected by a UPS and a power generator.

Performance-related compensation and consistent personnel development promote employee retention

Personnel

Training, motivation, and commitment of the employees are key success factors of the Bechtle Group. Therefore, loss of expertise due to above-average fluctuation of qualified personnel and a lack of qualification and service orientation on the part of the employees are the major personnel risks. Furthermore, in the fast-growing business fields, there is a risk that the need for qualified personnel cannot be met sufficiently. For this reason, Bechtle is not only eager to recruit qualified specialists and executive personnel for the company and integrate them successfully, but most importantly to bind them to the company permanently.

Due to the intense consolidation in the IT market, there is currently no shortage of well-qualified sales staff. In contrast, the replacement of highly qualified IT specialists is more difficult in individual competence areas, which may mean a risk for the operational business flow. However, the industry views Bechtle as an attractive, reliable employer, which can be seen from the high number of qualified and experienced applicants. Apart from creating a positive work environment, the HR work focuses on operational training and promotion of junior management staff by means of internal development programmes of the Bechtle Academy.

Liability

In the service and trading business, Bechtle provides an industry-standard contractual warranty for supplied hardware according to its General Terms and Conditions. However, Bechtle only passes on the manufacturers' warranty. The risk of warranty claims being asserted against Bechtle without recourse to the manufacturer is low. Bechtle has taken out insurance or formed adequate provisions for the case that customers need to be granted warranty extensions or expansions. A D&O insurance covers any liability claims resulting from mismanagement. The insurance cover is checked regularly and adapted if necessary. Thus, negative financial effects of insurable risks on the business should be excluded or at least limited.

Finance

Financial Instruments

Currency, interest, and liquidity risks are subject to active treasury management on the basis of guidelines that apply to the entire group. In this context, the specific requirements for the organisational separation of the operations and auditing of the functional divisions are observed.

Derivative financial instruments are used exclusively for the purpose of hedging basic operational transactions and mission-critical financial transactions in the form of interest swaps.

The financial risk management is characterised by the clear allocation of responsibilities, central rules for the fundamental limitation of financial risks, purposeful alignment of the employed instruments to the requirements of the business activity, and separate monitoring by a centrally controlled treasury management.

Foreign Currencies

Currency risks exist especially in areas in which receivables, debts, funds, and planned transactions exist or will accrue in currencies other than the local currency of the parent company. The foreign currency risk is mainly limited to Swiss francs, as a considerable portion of the international business is generated in Switzerland. Except for Switzerland and Great Britain, procurement mainly takes place in euro countries and hence in euros. Goods are only purchased in US dollars in exceptional cases. One of the currency risk relates to the use of loans in Swiss francs. This risk is hedged indirectly in that payment flows generated in Switzerland in Swiss francs could be used to repay these loans. Additionally, forward transactions were executed in Swiss francs. (See notes to the consolidated financial statements, chapter "Information on the Risk Management of Financial Instruments", section "Currency Risk", pages 159 f).

Liquidity

To ensure unlimited solvency, the company must have sufficient liquidity at all times. The liquidity situation is managed and monitored by the treasury management as an integral part of the group accounting. In view of the existing financial position of the Bechtle Group as of the end of the year with cash and securities worth 77.6 million euros, unused credit lines amounting to 39.9 million euros, and a positive cash flow from operating activities amounting to 49.9 million euros, the likelihood of a liquidity risk occurring is limited. Moreover, Bechtle AG has authorised capital of up to 10.6 million euros, which can be used to increase the equity base if necessary.

Bechtle has a comfortable cash position

The treasury department of Bechtle AG ensures the liquidity supply for the group divisions and subsidiaries by means of cash pooling. Furthermore, it controls the interest risk and is responsible for the assessment, analysis, and monitoring of positions subject to market risks.

Receivables

The current credit squeeze in the financial markets and the creditworthiness of business customers play an increasingly important role in the assessment of the future risk situation. Bechtle could be more exposed to bad debt losses than in the past, as the financing options have become much more difficult, which means that customers may be unable to meet their payment obligations in due time or in their entirety. Detailed monitoring of customer relationships including ongoing solvency checks and proactive debt management help to avoid risks from bad debt losses.

Potential risks in connection with the investment of cash equivalents are limited by restricting short-term investments to first-class institutions. Bechtle AG reduces credit risks by exclusively executing transactions with banks with an excellent degree of creditworthiness and within the scope of defined limits. In addition, payment transactions are only handled via banks whose creditworthiness is beyond doubt.

Interest

As a matter of principle, financial assets and debts with terms of more than one year involve an interest risk. In recent past years, Bechtle has further reduced long-term financial liabilities. As of the balance-sheet date, there were only a limited number of liabilities with terms of more than one year to maturity. The interest rate risks of the Bechtle Group are centrally analysed, and the resulting measures are actively managed by the group's finance department. The procedure applied by the department is subject to regular auditing as determined by the management. The risk of interest rate fluctuations of loans with variable interest rates is eliminated by means of interest rate swaps (see notes to the consolidated financial statements, chapter "Information on the Risk Management of Financial Instruments", section "Interest Rate Risk", page 160).

Others

Acquisitions and Divestments

The Bechtle Group intends to further strengthen and expand its market position by means of specific acquisitions. On principle, the decision to purchase a company and integrate it in the group always involves an entrepreneurial risk. It is always possible that the expectations placed on the acquired company might not fully materialise. Bechtle addresses this risk by conducting extensive due diligence audits in advance and by taking measures that support the acquisition process. The preparation, implementation, and audit of acquisitions take place in line with defined competence arrangements and approval processes. Moreover, Bechtle has years of experience in integrating companies. The company has established the structures that are necessary for this and operates according to a concept that meets the group's needs in connection with the integration of newly purchased companies in the best way possible.

The rapid growth of Bechtle and the new staff who join the company through acquisitions tie up human and organisational resources during the integration phase. At the same time, however, these risks are balanced by considerable entrepreneurial opportunities for further development of the group.

The growth and the strategic objectives of Bechtle AG necessitate divestments in certain areas, resulting in a concentration on the core business fields. These measures involve the risk of not being able to sell certain business activities or selected operational units as planned.

Legal Framework

Being active on an international scale, the Bechtle Group is subject to various national laws. This may involve risks for legal transactions – for instance when drawing up contracts – which Bechtle counters by engaging legal advisors at an early stage whenever necessary.

At present, the company is not involved in any legal disputes that could have a negative effect on the consolidated earnings. Bechtle AG will form provisions for legal disputes for all future legal disputes in connection with the group's business if liabilities are likely to result and the amount of the liabilities can be determined with reasonable certainty.

OVERALL RISK ASSESSMENT

The evaluation of the group's overall risk situation is the result of the consolidated examination of all major compound and individual risks. The Executive Board is of the opinion that the presented risks are limited and manageable. The company boasts a solid financial basis, with an above-average equity ratio of 62.8 per cent and a comfortable liquidity situation.

**No existential risk
evident for Bechtle**

Third-party ratings are another important indicator for the overall risk assessment. Apart from the company's own internal risk assessment, Bechtle's credit rating and aggregate default risk are regularly appraised and monitored by banks and rating agencies. All institutions are of the opinion that Bechtle's probability of default is very low: 0.09 to 0.30 per cent (based on the customary one-year term). This corresponds to the credit ratings of the rating agencies Bürgel and Creditreform for Bechtle AG (Bürgel solvency index: 1.4 and Creditreform solvency index 113 in January 2009). On the Standard&Poor's rating scale, which is widely used in financial markets worldwide, these probabilities of default correspond to a rating of A- to BBB+. On the bank-independent six-level IFD (Initiative Finanzstandort Deutschland) rating scale, Bechtle has a rating of I, which is the best level (probability of default up to 0.3 per cent per year).

To date, the creditworthiness of Bechtle AG has not been appraised by the rating agencies Standard&Poor's, Moody's Investors Service, Fitch Ratings, or Dominion Bond Rating Service.

Bechtle AG is aware of its own risk and opportunity profile for its business activities. In connection with daily updated analyses of the business performance based on operational indicators, the presented measures play a significant role in enabling Bechtle to use the opportunities for further development of the company without losing sight of the risks involved.

All in all, there do not appear to be any risks for Bechtle AG that would endanger the company's existence as a going concern. The Executive Board is convinced that it will be able to make use of future challenges and opportunities without taking undue risk.

25 YEARS AGO

I dreamed of
having my own
horse.



Today, Kirsten Lang is the team leader of Bechtle's central returns department.

"Like many young girls, I considered the stable my home. I was determined to make my hobby into my profession in order to be around horses every day. In the end, however, I decided to get training that would provide security and a bright future – and joined Bechtle. Today, my customers are at the same time my colleagues from the various Bechtle system houses. Every return is an hurdle that I want to clear together with the customer – in a quick and elegant manner and without touching the obstacle. The challenge is to adapt to the individual requirements and to look for efficient solutions that are economic and acceptable for all involved."



SUPPLEMENTARY REPORT

IMPORTANT EVENTS AFTER THE BALANCE-SHEET DATE

In the fiscal year 2009, Bechtle AG continued with its share buy-back programme. From the beginning of the year until 2 March, 4,403 shares were purchased at an average purchase price of 11.09 euros. The purchase of the treasury shares had no major effects on the earnings, assets, and financial position. The total number of shares purchased between 9 October 2008 and 2 March 2009 under the buy-back programme amounts to 213,903. The average purchase price was 10.70 euros and thus significantly below the annual closing price of 13.66 euros.

In early March, *Bechtle direct* will be launched in Portugal. The start of the operations of Bechtle direct Portugal, Sociedade Unipessoal Lda brings the number of European countries in which the group is represented with the IT e-commerce segment to eleven. In the current fiscal year, no major effects are expected on the earnings, assets, and financial position.

Apart from this, the Bechtle Group was not affected by any special events between the balance-sheet date 31 December 2008 and the preparation of the consolidated financial statements on 2 March 2009. Moreover, Bechtle AG currently does not plan any major internal structural or strategy changes that would have a substantial impact on the company's earnings, assets, and financial position.

Bechtle continues with internationalisation strategy in IT e-commerce

SITUATION AT THE TIME OF THE PREPARATION OF THE REPORT

The first weeks of the current fiscal year were characterised by considerable uncertainty. Under the effect of the global financial and economic crisis, conflicting reports about economic trends were published every day. For example, in late January the Federal Statistical Office announced that the GDP had receded more than expected in the fourth quarter of 2008. On the other hand, the ZEW index, an important indicator for the assessment of the current situation and the outlook for the future, went up. Similarly, while some suggested that an economic upturn would begin as early as the second half of 2009, others expect a prolonged, extensive recession. In general, the forecast that the GDP in Germany will suffer a hefty loss of about 2 or 3 per cent is now widely accepted. This forecast must be evaluated against the background that certain sectors like banks, automotive manufacturers, and engineering companies, which account for a larger proportion of the GDP, are affected more severely by the crisis.

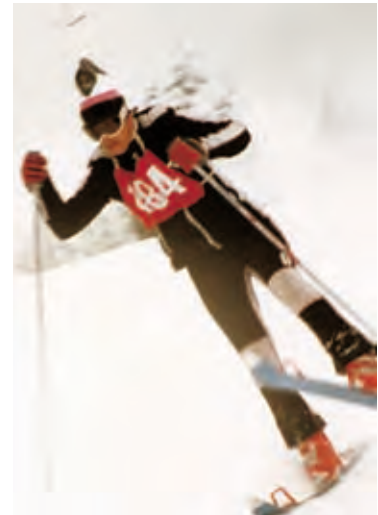
**Economic development
uncertain**

At the beginning of 2009, the IT industry had not been hit to the same extent as other branches. The forecasts are cautious, yet still positive for services and software. Many user companies now even consider IT to be part of the solution to the current problems. Though industries that are more severely affected by the crisis have reduced their investments, no significant decline is yet felt in other industries. Especially the recovery packages adopted by the federal government earlier this year are expected to stimulate the demand of public clients. However, this will only happen later this year after the funds have been made available.

In an environment marked by difficult economic framework conditions and due to the global financial and economic crisis, Bechtle could only record a weak demand in the first two months of 2009. The reluctance of many customers reflected the macroeconomic uncertainty and was evident from the postponement of many projects. Currently, the revenue and earnings do not reach the level of the prior year. However, it is too early to derive a reliable, sustainable trend for the year as a whole. Among other things, the economic performance of the Bechtle Group in 2009 will be determined by whether demand in the core segment of medium-sized customers picks up in the course of the year.

25 YEARS AGO

I dreamed of being
a downhill skier
and winning
the Lauberhorn run.



Today, Markus Zemp is the CEO of ARP Datacon AG.

“Bechtle’s takeover of ARP Datacon in December 2003 also marked the decision in favour of a multi-brand strategy in e-commerce. In other words: *Bechtle direkt* and *ARP* – both are skiers, but in different disciplines. We complement each other, cheer each other on, want to be the best. Each one of us for himself. But for our common cause. I like this sporting competition. In our business, speed, quick processes, and the ambition of being number one for our customers are what matters. This is what gives us our competitive edge. Clearly a team success.”



FORECAST REPORT

In 2009, the effects of the financial crisis will continue to determine the macroeconomic situation. Despite the gloomy economic outlook, Bechtle believes that a recessive environment will also offer the opportunity to strengthen its relative market position. Especially in times of weakening planning reliability, clear visions are becoming increasingly important.

OPPORTUNITY REPORT

Market and Competition

In view of Bechtle's situation as a player in the IT services and IT e-commerce markets, a positive economic development would present opportunities for further successful company growth. However, Bechtle could even take advantage of an economic decline, as this would result in a consolidation of the competitive environment. Therefore, Bechtle AG intensively examines strategic market and competition analyses, deriving concrete growth potential indicators for its future development.

Of course, the examination also focuses on the industry trends that have a direct impact on the company's profitable growth.

For several years, the system house market – especially in German-speaking regions – has been undergoing a period of intense consolidation, which Bechtle is actively using. Thanks to its solid financial resources and good reputation, the company was able to perform numerous acquisitions over the past years, thereby strengthening its market position. In view of the progressive thinning of the industry and Bechtle's assets position and funding, which are still excellent, the company will have further opportunity to continue to fortify its competitive position, for example by means of acquisitions or by expanding the product and service spectrum. Considering the dwindling growth dynamics in the IT market, this opportunity is particularly momentous.

Due to the current situation in the financial markets and their effect on the real economy, the current development could offer further opportunities for the Bechtle Group. Especially the increasing requirements placed on information technology and on the corporate IT infrastructure, so as to, for instance, more closely observe compliance guidelines for extending credit, such as Basel II, could have a positive effect on demand in the hardware, software, and services segments. In the future, the financial sector itself will also have to deal intensively with compliance and security issues and thus also with IT-supported control mechanisms, which could result in a positive commercial stimulus for Bechtle AG.

Bechtle will continue to participate actively in the consolidation of the IT industry

Besides the planned growth at the existing locations, the opportunities in the IT e-commerce segment mainly relate to 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 past years and form a reliable platform for further growth. With its *Bechtle direct* brand, the group launched its activities in Ireland in the reporting period and Portugal will follow in March 2009. Market launches are possible in additional European countries in the medium run and in South America and Asia in the long run.

Under the buzzword “Green IT”, the issue of climate protection has also found its way into the IT industry. To meet the requirements for eco-friendly IT and to use the resulting opportunities, Bechtle has introduced an innovative range of low-emission, energy-saving products. In the service sector, Bechtle offers customised solutions that also contribute to energy savings in the IT infrastructure, for example through server consolidation or virtualisation of applications (see chapter “Environmental Protection”, page 31).

Customers

In the IT system house & managed services segment, Bechtle reaches the medium-sized customer target group in the German-speaking region with a dense network of system houses. Due to the widely diversified customer structure, the effect of industry-specific economic trends and investment-related framework conditions is relatively minor for the company. Moreover, Bechtle’s long-standing presence in this segment represents a high market entry barrier for potential competitors. The clear concentration on the medium-sized business segment enables Bechtle to further expand its market leadership and position its own business model on a cross-industry level.

Bechtle also offers its services to public clients, a business segment in which the company has consistently expanded its activities in recent years. Apart from the basic opportunity associated with the expansion of the customer portfolio and the achievable volume, the specialisation of the portfolio on the special needs of public clients offers another opportunity: the investment behaviour of the public sector is less susceptible to economic trends and is often even anti-cyclical. Thus, for example, for the current year – based on government economic recovery programmes – it is expected that the investments of public clients will exceed the value of the prior year.

In the IT e-commerce segment, the company is active with the *Bechtle direct* and *ARP Datacon* brands in selected European countries. In this segment, Bechtle regards a wider customer approach and increased customer bonding through the use of bios® shops (see chapter “Service Spectrum and Processes”, page 28) to be an opportunity for future growth.

Apart from *Bechtle direct*, which concentrates on enterprise customers, *Bechtle ÖA direct* serves as a platform for public clients. In this field, too, the anti-cyclical investment behaviour of public clients provides the opportunities already addressed above.

Further expansion of the public clients segment

Manufacturers and Distributors

Within the scope of its business activity, Bechtle AG maintains close partnerships with all major suppliers and manufacturers in the industry, such as the cooperation with IBM in the field of outsourcing. The intensive collaboration with partner companies enables Bechtle to offer technologically suitable solutions for the growing bandwidth of customer requirements. Thus, Bechtle is improving its own growth opportunities especially by means of a more extensive range of individual solutions for medium-sized customers and public clients, particularly in the field of services and software.

To support this collaboration, Bechtle has additionally appointed Vendor Integrated Product Managers (VIPM) for strategic manufacturers, who promote the interests of the manufacturer and of Bechtle alike. For example, information of the manufacturers can be forwarded to the responsible sales and service staff without delay in a centralised and target-oriented manner. This enables Bechtle to ensure that its customer offer reflects the state of the art at all times. In this way, the quality of Bechtle's sales activities increases, and customers benefit immediately from product promotions of the manufacturers. On the other hand, the Bechtle product catalogue, for example, has for many years been a sales channel with a high multiplier effect for manufacturers and distributors.

Additional synergies are achieved through the standardisation of logistics processes and synchronisation of the ERP systems between the partners. This not only makes for a wider product offer and increasing availability of the goods, but also increases the attractiveness of Bechtle for other distributors and manufacturers.

Service Range

Enterprise customers increasingly expect their IT providers to deliver complete solutions from one source. With its combination of trading and services and, within the field of services, with its blend of project, maintenance, and financing business, Bechtle is well prepared to benefit from this trend. Furthermore, Bechtle has duly positioned itself by means of acquisitions, strategic alliances, and competence centres especially tuned to the needs and trends of the market and has fortified its position with qualified staff.

More than ever, the difficult global economic situation is forcing companies to review their business processes. At the same time, it stimulates interest in innovative IT management models like outsourcing. The outsourcing of the IT or parts of it enables companies to redistribute costs by allocating IT expenditure exclusively to operating expenses and by freeing up capital that would otherwise be invested in IT. Moreover, due to the global economic decline, many outsourcing customers are questioning the reliability of their partners. This influences their choice of service providers, prices, and how and by whom the external services are rendered. In future, the expanded range of outsourcing solutions and managed services could yield attractive growth opportunities for Bechtle. Customer relationships in this operation business are usually of a long-term nature, which facilitates the business performance planning. Moreover, the projects promise higher margins than the orders in the conventional trading business.

Both sides benefit from close collaboration with manufacturers

In view of the more restrictive lending practices to medium-sized industrial enterprises, especially IT system houses with a technological one-stop solution package and a wider range of financing services have a certain competitive advantage. Particularly in economically difficult times, leasing models can facilitate the roll-out of important IT projects despite shrinking budgets. This financing alternative also promotes long-term customer loyalty and the recruitment of new customers.

**Bechtle adapts flexibly
to the needs of the market**

Company Organisation

By consistently aligning the company structure to the strategy, an important precondition has been established for using the opportunities resulting from the described market developments. The almost comprehensive geographic presence with more than 50 locations in Germany and Switzerland and two new locations in Austria enable Bechtle to address local medium-sized businesses on site via the regional system houses and – from the perspective of the Bechtle Group as a whole – to attract businesses and corporations that operate on a nationwide scale and that need a large IT service provider as a reliable partner. Despite the great significance of decentralised responsibility and decision-making structures, the Bechtle Group benefits from its size in the field of centralised administrative tasks and bundled purchasing and logistics processes by achieving substantial economies of scale. Additionally, competence centres and specialised product management teams bundle expertise that is centrally made available to all locations.

Thanks to the attained market position and the combination of centralised and decentralised structural elements, Bechtle is ready to actively use the market opportunities. In the public clients division, for example, Bechtle has centralised the competencies and experience for this special market segment. This organised interaction between central support and a decentralised market approach by the system houses also yields improved opportunities for growth in this market – a proven basic principle that Bechtle also applies in the organisation of the managed services division.

Human Resources

Bechtle attaches great importance to long-term binding of employees to the company. The leadership style is instrumental in determining the atmosphere in the company. The company's management takes the lead in living the basic values rooted in the corporate philosophy and creates an open atmosphere of mutual trust. This includes short communication routes and open exchange between the divisions, locations, and hierarchy levels. This is important in order to make existing expertise usable and to duly take both the strategic and the operational viewpoint into consideration when making decisions. Furthermore, Bechtle regularly invests in staff training. The Bechtle Academy mentioned above (see chapter "Employees", pages 37 f) constitutes an important element in the mounting struggle for prospective employees.

FRAMEWORK CONDITIONS

Due to the crisis in the financial markets, the macroeconomic situation is expected to continue deteriorating. For the euro zone, current forecasts predict a reduction of the gross domestic product by about 2 per cent in 2009. The German economy is expected to shrink by 2 to 3 per cent, and the economic effects of the crisis in the financial markets will still be felt in the in 2010.

The economic prospects in the IT industry have also become gloomy. While growth will slow down considerably in the software and service segments, hardware trading business will even move in the opposite direction and yield a much lower volume than in the reporting period. Thus, according to BITKOM, more and more ITC enterprises are adjusting their revenue expectations for 2009 downwards.

The extent and duration of the economic crisis will also depend on the effectiveness of the announced government economic recovery programmes. It is not yet possible to make a reliable estimate of the implications for the IT industry, though some of these measures will surely have a direct and indirect impact on public and commercial IT budgets.

Economic uncertainties strain the outlook of the IT industry for 2009

GROUP DEVELOPMENT

Products and Markets

The concentration process in the European and German IT markets will continue, resulting in intensified competition. This aggravated competitive situation will be partly compensated by the said market-related developments, such as an increased disposition towards IT outsourcing or higher growth rates in certain submarkets like public clients.

To strengthen the own market position and to meet the growing customer requirements, Bechtle is busy developing and establishing an even better service offer. Moreover, the public clients division and the software license business represent focal points in the corporate development of the Bechtle Group.

The expansion of the range of IT solutions specifically designed for medium-sized companies plays a key role in the IT system house & managed services segment. In view of dwindling budgets, new service and consulting concepts and individual project solutions will contribute to a more efficient customer IT infrastructure and allow Bechtle to develop attractive, growth-oriented business fields. The sales concept of the system houses is greatly supported by the definition of key subjects like security, virtualisation, server & storage, and mobile office communication solutions.

In the future, Bechtle also plans to expand the product and service offer and its market presence through selective acquisitions.

Regardless of the macroeconomic situation, the high innovation rate in the IT industry is unlikely to abate. Bechtle is therefore continuously intensifying its close collaboration with external partners, such as suppliers and manufacturers, in the field of procurement and logistics. Bechtle is endeavouring to present a large number of new products in its Web shops at all times. Currently, about 250 to 300 new products are introduced at *Bechtle direct* every week. On average, 40 per cent of the prices of the product offer change every day. Thus, keeping prices and availability information up to date is just as critical to success as centralised logistics that makes use of lean processes for optimum efficiency in managing the flow of goods.

In the IT e-commerce segment, the Bechtle Group strives to become the market leader in Europe and plans to further expand its presence by establishing additional Bechtle direct subsidiaries in Europe. For the *ARP Datacon* brand, the countries in which *Bechtle direct* is already represented are to be developed first.

Up-to-date prices and availability information are critical to success

Key Performance Indicators

Revenue

The Executive Board believes that Bechtle's performance over the next two years will be relatively better than the general market performance. In the IT e-commerce segment, this is to be made possible by progressive expansion in Europe and intensive new customer recruitment drives. This goal is also supported by means of a wider and, most importantly, a superior service offer and the concentration on fast-growing business fields in the IT system house & managed services segment. According to its Vision 2020, Bechtle is aiming for a revenue of five billion euros.

Within the scope of the planned development, the regional distribution of revenues in the following years will continue to shift towards foreign countries, as a result of the advancing internationalisation of the business and the increasing number of IT e-commerce companies. In this connection, Switzerland will continue to account for an above-average share of the group revenue. Both the IT system house & managed services segment and IT e-commerce will contribute to the growth of the Bechtle Group. However, IT e-commerce is expected to be more dynamic than IT system house & managed services. In the medium term, this is associated with the expectation that both segments will contribute the same amount to the total revenue.

Costs

With respect to the examination and interpretation of the revenue developments described above, it is important to take structural shifts between the segments into consideration. Thus, the group's objective is to increasingly relocate standardised hardware procurement processes from the IT system house & managed services segment to the IT e-commerce segment, where these processes can be implemented more cost-efficiently.

For Bechtle AG as a trading service provider, personnel expenses are of central importance with respect to the business management. Personnel expenses constitute the largest expense block, accounting for approximately 70 per cent of the sales and administrative expenses. In the field of sales, especially in IT e-commerce, the expenses are also highly correlated with the revenue performance. Therefore, the management expects the sales expenses in 2009 and 2010 to persist at the level of the prior years. Upon completion of the structural changes in the management organisation of Bechtle AG, which were initiated in 2006, the administrative expense ratio will exhibit a more or less constant development over the next two years.

Earnings

Particularly in view of the macroeconomic situation, Bechtle AG will consistently continue to apply the measures for increased efficiency. In connection with the ongoing integration of the most recently acquired companies and a more profitable service offer, the management of Bechtle AG is confident that it will be able to hold the EBT margin in 2009 and 2010 at a level above the industry average.

The EBT margin is to be maintained at a high level

Economically, last year was an outstanding success for Bechtle AG. The structural adjustments made to the management organisation, which were completed in the fiscal year 2008, form the basis for implementing the Vision 2020 and guarantee sustainability of the company even in an economically uncertain environment. The earnings over the next two years will be determined to a large extent by the further economic development and the expansion of the relative market share.

Against the background of successful business performance, Bechtle AG plans to continue to share its entrepreneurial success with its shareholders in the form of an attractive dividend. In recent years, about 30 per cent of the consolidated earnings after taxes were distributed. At present, there are no plans for fundamental changes to the company's dividend policy.

Assets and Financial Position

Liquidity

The Bechtle Group has a solid balance-sheet structure and sufficient financial resources to grow organically and respond flexibly to the needs of the market. Especially in difficult economic times, adequate liquidity provides a competitive advantage, also from the customer's viewpoint. Due to the macroeconomic parameters, particular importance will be attached to corporate cash management in the current year. As of the balance-sheet date 31 December 2008, the company had cash and cash equivalents amounting to 77.3 million euros, marketable securities worth 0.3 million that can be sold at short notice, and unused credit lines amounting to approximately 39.9 million euros, all of which were available for short-term financing. The credit facilities available to the company are far from being exhausted, and the remaining borrowing potential is even higher. In conjunction with the continued positive development of the operating cash flow, Bechtle has adequate resources for attaining its goals and financing future growth.

Solid funding enables Bechtle to grow even in difficult times

Financing

Given the current development in the financial markets, the company assumes that it will be able to at least keep the financial earnings – a positive balance of interest income and interest payable – until 2010 at the level of the prior years. Smaller acquisitions can be performed from the current cash flow and available liquidity resources. The potential takeover of larger companies would most likely result in some cash outflow, most of which would most probably be financed with debt capital. This, in turn, could affect the current financing structure of Bechtle AG, with the possibility of a negative financial balance.

Over the next two years, the investments needed to realise the growth targets will not involve any major change of the current financing structure. Moreover, Bechtle could resort to the equity financing options according to the adopted Annual General Meeting resolutions. Until June 2009, the Executive Board is authorised to increase the equity capital by issuing up to 10.6 million shares against cash or contributions in kind. The company plans to re-submit the authorisation for the use of the approved capital to the Annual General Meeting 2009.

Provided that no major takeovers take place in the next two years, the balance-sheet structure will not undergo any significant changes.

Investments

The business of Bechtle AG, which comprises IT product trading and IT services, does not require high investments. Generally, the planned investments in property, plant and equipment and in intangible assets (software) will more or less match the scheduled depreciation and amortisation. These investments will mainly comprise investments in the replacement of the office equipment for the distribution and service companies and expansion investments in new building facilities and extended capacities. Thus, investments will be made to optimise logistics and space concepts at the Bechtle AG headquarters in Neckarsulm, Germany, and at other group locations. Without factoring in possible acquisitions, the volume of investments planned until 2010 for plant, property and equipment and intangible assets will, from the present standpoint, not change significantly compared to prior years. In the current year, the majority of the planned investments involve standard replacements with a budgeted volume of about 12 million euros. Moreover, one-time investments of about 6 million euros are budgeted for building activities in Neckarsulm and Gaildorf, Germany. Due to the solid financial basis, the company will be able to finance the planned investments using its own resources. In principle, unscheduled investments due to acquisitions are also possible.

**Investments progressing
according to plan**

OVERALL ASSESSMENT

Even in retrospect, the financial and economic crisis is an exceptional situation whose dimensions Bechtle could not foresee. The crisis will affect the group's medium-term targets, but not its long-term goals.

Despite the macroeconomic situation, the Executive Board expects the business performance of Bechtle AG over the next two years to be above the industry average. As the restructuring has been largely completed, the management has established good preconditions for making better use of opportunities in a recessive environment and implementing Bechtle's yields-oriented growth in the long run.

Acquisitions will remain an integral element of the growth strategy in all business fields. In IT e-commerce, however, the Executive Board will mainly focus on organic growth, while in the IT system house & managed services segment, selective acquisitions may complement the regional positioning and competence profile of Bechtle AG.

Certification and training measures will continue to play an important role. With the academy's expanded qualification offer, Bechtle plans to continue recruiting more specialists and executives from its own ranks, in order to be prepared for the looming shortage of qualified staff.

Bechtle continues to attach greater importance to long-term business continuity than to short-term income optimisation. After the economically exceptional years 2007 and 2008, the management of Bechtle AG is confronted with a much more competitive environment and difficult general economic parameters in the current year. But even this economic situation offers opportunities in that especially in such times, it is necessary to establish the basis for being able to react quickly to a potential improvement of the economic factors. The possibility to enter new international markets in the future, the growing contribution of managed services, and the broader positioning in the public clients division are to provide added support for this development.

Neckarsulm, March 2009
Bechtle AG

The Executive Board

Bechtle wants to grow organically and by means of acquisitions

CONSOLIDATED FINANCIAL STATEMENT

- 111 Consolidated Income Statement
- 112 Consolidated Balance Sheet
- 114 Consolidated Cash Flow Statement
- 115 Statement of recognised Income and Expense

CONSOLIDATED INCOME STATEMENT

from 1 January to 31 December 2008 (2007)

in th. euros	Notes	2008	2007
Revenue	(1)	1,431,462	1,383,453
Cost of sales	(2)	1,213,331	1,188,121
Gross profit		218,131	195,332
Distribution cost	(2)	90,455	81,355
Administrative cost	(2)	75,709	67,236
Other operating income	(3)	8,262	11,512
Operating profit		60,229	58,253
Interest income	(4)	1,987	1,263
Interest cost	(4)	683	510
Earnings before taxes		61,533	59,006
Income taxes	(5)	16,105	18,047
Earnings after taxes		45,428	40,959
of which minority interests		56	62
of which shareholders of Bechtle AG		45,372	40,897
Net earnings per share (basic and diluted) in euro	(6)	2.1438	1.9291
Weighted average shares outstanding (basic and diluted) in thousand		21,165	21,200

CONSOLIDATED BALANCE SHEET

as of 31 December 2008 (31 December 2007)

Assets

in th. euros	Notes	31.12.2008	31.12.2007
Non-current assets			
Goodwill	(7)	105.823	99.909
Other intangible assets	(8)	19.559	19.214
Property, plant and equipment	(9)	23.758	19.563
Trade receivables	(12)	366	264
Investment property		189	203
Other non-current assets	(14)	2.564	1.946
Deferred taxes	(10)	4.696	4.461
Total non-current assets		156.955	145.560
Current assets			
Inventories	(11)	52.118	46.817
Trade receivables	(12)	188.402	189.312
Securities	(13)	338	1.929
Tax receivables		1.545	2.110
Other current assets	(14)	19.410	13.395
Cash and cash equivalents	(15)	77.300	52.300
Total current assets		339.113	305.863
Total assets		496.068	451.423

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

Equity and liabilities

in th. euros	Notes	31.12.2008	31.12.2007
Equity			
Issued capital		21,200	21,200
Capital reserve		143,454	143,454
Revenue reserves		149,042	111,457
Treasury shares		-2,247	0
Equity before minority interest		311,449	276,111
Minority interest on equity		0	354
Total equity	(16)	311,449	276,465
Non-current liabilities			
Pension provisions	(17)	8,859	5,775
Other provisions	(18)	452	227
Financial liabilities	(19)	5,185	3,709
Trade payables	(20)	284	7
Other non-current liabilities	(21)	473	176
Deferred income	(22)	4,153	3,769
Deferred taxes	(10)	11,558	10,102
Total non-current liabilities		30,964	23,765
Current liabilities			
Other provisions	(18)	4,019	3,310
Financial liabilities	(19)	10,466	6,049
Trade payables	(20)	83,250	88,267
Tax payables		4,448	6,055
Other current liabilities	(21)	40,763	38,043
Deferred income	(22)	10,709	9,469
Total current liabilities		153,655	151,193
Total equity and liabilities		496,068	451,423

CONSOLIDATED CASH FLOW STATEMENT

from 1 January to 31 December 2008 (2007)

in th. euros	Notes	2008	2007
Cash flow from operating activities			
Earnings before taxes		61,533	59,006
Adjustment for non-cash income/expenses			
financial earnings		-1,304	-753
Depreciation and amortisation in intangible assets and property, plant and equipment		13,910	13,501
Losses (+)/Gains (-) on disposals of intangible assets and property, plant and equipment		241	-132
Gain from sale of non-current assets held for sale		0	-1,936
Other non-cash income/expenses		-583	55
Changes in working capital			
Changes inventories		-3,867	-6,125
Changes trade receivables		6,859	-5,130
Changes trade payables		-7,976	-619
Deferred income		517	-563
Changes other working capital		-2,320	1,633
Cash flow from ordinary operations		67,010	58,937
Income taxes paid		-17,069	-16,944
Net cash from operating activities	(23)	49,941	41,993
Cash flow from investing activities			
Cash paid for the acquisition of consolidated entities less cash acquired		-9,367	-7,721
Cash received from the sale of consolidated companies less cash sold		963	0
Cash paid for investments in intangible assets and property, plant and equipment		-13,683	-10,285
Cash received from sale of intangible assets and property, plant and equipment		398	1,844
Cash paid for investments in securities and non-current assets		0	-8
Cash received for investments in securities and non-current assets		1,632	747
Cash paid for investments in securities and non-current assets		0	4,680
Interest payments received		1,983	1,243
Net cash used in investing activities	(24)	-18,074	-9,500
Cash flow from financing activities			
Cash received from finance liabilities		10,590	682
Cash paid for finance liabilities		-5,458	-5,745
Cash paid for the purchase of treasury shares		-2,247	0
Dividends paid		-12,720	-10,600
Interest paid		-301	-482
Net cash used for financing activities	(25)	-10,136	-16,145
Net foreign exchange difference in cash and cash equivalents		3,269	-758
Changes in cash and cash equivalents		25,000	15,590
Cash and cash equivalents at the beginning of the period		52,300	36,710
Cash and cash equivalents at the end of the period		77,300	52,300

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 2008 (2007)

in th. euros	2008	2007
Actuarial profitand loss in pension provisions	-4,038	-823
Deferred taxes	791	166
Unrealised profitand loss on financial derivatives	106	-106
Deferred taxes	-27	27
Unrealised profitand loss on financial derivatives	-448	-58
Deferred taxes	119	32
Currency conversion differences from net investments in foreign business operations	-1,194	353
Deferred taxes	66	0
Changes in difference from foreign currency translation	9,558	-2,702
Income and expense recognised directly in equity	4,933	-3,111
Earnings after taxes	45,428	40,959
Total recognised income and expense after taxes	50,361	37,848
Of which minority interests	56	62
Of which shareholders of Bechtle AG	50,305	37,786

For improved presentation, the prior-year value for the currency conversion has been split into two items.
A further explanation of equity is available in the Notes, section IV, no. 16.

CONSOLIDATED FINANCIAL STATEMENT

Notes

- 117 I. General Statements
- 117 II. Summary of Key Principles of Accounting and Consolidation
- 132 III. Further Explanatory Notes on the Income Statement
- 135 IV. Further Explanatory Notes on the Balance Sheet
- 156 V. Further Explanatory Notes on the Cash Flow Statement
- 157 VI. Further Disclosures on Financial Instruments as per IFRS 7
- 162 VII. Segment Information
- 166 VIII. Acquisitions and Purchase Price Allocations
- 171 IX. Information on the Executive Board and Supervisory Board
- 173 X. Other Information
- 177 XI. Events Following the end of the Reporting Period

I. GENERAL STATEMENTS

Bechtle AG, Bechtle Platz 1, 74172 Neckarsulm is a joint stock corporation under German law. Through its subsidiaries, Bechtle AG operates IT system houses in Germany, Austria, and Switzerland and as one stop shop for IT e-commerce solutions provides corporate clients in ten (since March 2009: eleven) European countries with a comprehensive range of services and solutions.

Bechtle has been quoted at the Frankfurt Stock Exchange (Prime Standard) since 2000 and listed on the TecDAX technology index since 2004. The company's shares are traded on all stock exchanges in Germany.

The consolidated financial statements of Bechtle AG for the fiscal year 2008 were released for publication on 2 March 2009 by the Executive Board (IAS 10.17).

Bechtle AG has issued a declaration of conformity with the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act (AktG). An up-to-date version of the declaration is published on the company's website.

II. SUMMARY OF KEY PRINCIPLES OF ACCOUNTING AND CONSOLIDATION

Basis of Preparation

The parent company Bechtle AG, Bechtle Platz 1, 74172 Neckarsulm is a listed company and as such required under section 315a of the German Commercial Code (HGB) to prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and as adopted by the EU. All International Financial Reporting Standards mandatory for fiscal year 2008 have been applied and the information required under section 315a (1) German Commercial Code (HGB) has been disclosed in the notes to the consolidated financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except for securities and derivative financial instruments that have been measured at fair value. The income statement was prepared using the function of expense method. The consolidated financial statements have been prepared in euros and rounded to nearest thousand unless explicitly stated otherwise.

Restatement of Prior Year Results

For a better and more transparent representation of the financial position, certain balance sheet items previously reported in provisions have been reclassified to liabilities, while also retrospectively restating prior year results for better comparability. Similarly, non-current receivables and trade payables are subdivided into separate (new) balance sheet items and advance payments received and deferred items are combined in the (new) balance sheet item accruals.

in th. euros	31.12.2007	Reclassifi- cation of Assets	Reclassifi- cation of Liabilities	31.12.2007
	Published			Adjusted
Non-current assets				
Trade receivables	0	264		264
Other non-current assets	2,210	-264		1,946
Total assets	451,423	0	0	451,423
Non-current liabilities				
Trade payables	0		7	7
Deferred income	3,769		-3,769	0
Deferral items	0		3,769	3,769
Current liabilities				
Other provisions	6,052		-2,742	3,310
Prepayments received	4,439		-4,439	0
Trade payables	88,274		-7	88,267
Other current liabilities	35,301		2,742	38,043
Deferred income	5,030		-5,030	0
Deferral items	0		9,469	9,469
Total liabilities	451,423	0	0	451,423

In this context, one item has been added to the consolidated cash flow statement to note the change net current assets.

New Accounting Pronouncements

Adoption of new and/or Revised Accounting Standards and Interpretations

During the reporting period, Bechtle has for the first time applied the new and/or revised accounting standards and interpretations of the following new accounting pronouncements issued by the IASB/IFRIC and adopted by the EU ("endorsement"). Each of the following dates of the relevant EU regulation is mandatory:

- IFRS 8 Operating Segments (endorsed on 21 November 2007): IFRS 8 replaces IAS 14 Segment Reporting and follows the "Management Approach" for segment reporting. Consequently, information disclosed about operating segments is identified on the basis of internal reports. IFRS 8 is effective for fiscal years beginning on or after 1 January 2009, with earlier application encouraged. Bechtle has opted for early application of IFRS 8, beginning with the fiscal year ending on 31 December 2008. Bechtle notes that the segments reportable under IFRS 8 correspond closely to those previously reported under IAS 14. Additional information on the respective segments, together with the adapted comparative information, is disclosed in item IV "Segment Report" of the notes.

- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions (endorsed on 1 June 2007): The interpretation is effective for fiscal years beginning on or after 1 March 2007. IFRIC11 addresses how to apply IFRS 2 to share-based payment arrangements involving an entity's own equity instruments or equity instruments of another entity in the same group. Since there are no share-based payment transactions at Bechtle, the application of IFRIC 11 has no effect on the consolidated financial statements.
- Amendments to IAS 39 and IFRS 7 – Reclassification of Financial Assets (endorsed on 15 October 2008): The amendments are linked to the current financial crisis and the fact that financial instruments are no longer traded or related markets have become inactive or distressed, and apply mandatorily with retroactive effect from 1 July 2008. This permits entities to reclassify financial assets recognised at fair value in profit or loss to another category under certain circumstances, together with extended disclosures in the notes. Since Bechtle holds no such financial instruments, the application of the amendments has no effect on the consolidated financial statements.

New and/or Revised Accounting Standards and Interpretations not yet applied

Bechtle has not applied, ahead of time for fiscal year 2008, the following new and/or revised accounting standards and interpretations of the following new accounting pronouncements issued by the IASB/IFRIC and adopted by the EU ("endorsement") at the balance sheet date. Each of the following dates of the relevant EU regulation is mandatory:

- Amendment to IAS 23 Borrowing Costs (endorsed on 10 December 2008): The revised standard is effective for fiscal years beginning on or after 1 January 2009. It lays down the capitalisation of borrowing costs in connection with the acquisition, construction or production of qualifying assets. The previous option of immediately recognising borrowing costs as an expense has been removed. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Due to the negligible importance of qualifying assets, the application of this revised standard is not expected to have any major effect on the consolidated financial statements.
- Amendment to IFRS 2 Share-based Payment (endorsed on 16 December 2008): The revised standard is effective for fiscal years beginning on or after 1 January 2009. The amendment clarifies the concept of vesting conditions and specifies the accounting treatment of cancellations of a plan by a party other than the entity. Since there are no share-based payment transactions at Bechtle, the amendment of IFRS 2 is not expected to have any effect on the consolidated financial statements.
- IFRIC 13 Customer Loyalty Programmes (endorsed on 16 December 2008): This interpretation is effective for fiscal years beginning on or after 1 January 2009 and addresses accounting by entities offering customer loyalty programmes; specifically, it explains revenue recognition and the accounting of accrued expenses. The interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted. Therefore part of the fair value of the consideration received is allocated to the award credits and deferred. Revenue recognition takes place in the period in which the loyalty awards credits are redeemed or expire. Since Bechtle does not offer customer loyalty programmes, the interpretation is not expected to have any effect on the consolidated financial statements.
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (endorsed on 16 December 2008): This interpretation is effective for fiscal years beginning on or after 1 January 2009. It defines the upper limit in relation to the amount of the surplus that can be recognised as an asset – particularly when there is a statutory or contractual

minimum funding requirement. Since Bechtle has no pension plan surplus and no corresponding assets, the interpretation is not expected to have any major effect on the consolidated financial statements.

- Amendments to IAS 1 Presentation of Financial Statements (revised 2007) (endorsed on 17 December 2008): The revised standard is effective for fiscal years beginning on or after 1 January 2009, and includes changes to the structure and presentation of financial statements and minimum requirements for their content. Accordingly, the application of the revised standards will affect the structure and presentation of the financial statement, but not the recognition and valuation of assets and liabilities and thus not the actual assets, financial position and earnings of Bechtle.

At the balance sheet date, the following new and/or revised accounting standards and interpretations of the following new accounting pronouncements had been issued by the IASB/IFRIC but not yet adopted by the EU (no “endorsement”). Consequently, Bechtle has not yet applied these new and/or revised standards and/or interpretations. Each of the following dates of the relevant statements of the IASB or IFRIC is mandatory: If the announcement is subsequently adopted by the EU, the EU regulation will include its own date for the mandatory application.

- Amendments to IFRS 1 and IAS 27 – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (published on 22 May 2008): The amendments are effective for fiscal years beginning on or after 1 January 2009 and address issues relating to the valuation of investments in the separate financial statements of a parent company. A subsequent adoption of the revised standards by the EU will have no effect on the Bechtle consolidated financial statements.
- IFRS 3 (revised) – Business Combinations (published on 10 January 2008): The revised standard is effective for fiscal years beginning on or after 1 July 2009. IFRS 3 revises how the purchase method of accounting is applied for all business combinations. The key changes relate to the valuation of non-controlling interests (formerly called minority interest), step acquisitions and the treatment of contingent consideration and acquisition-related costs. If adopted by the EU in this form, the application of this revised standard will affect Bechtle’s accounting of new acquisitions. The revised treatment of frequently occurring contingent considerations should be mentioned at this point. The revised standard requires contingent consideration to be recognised at fair value at the time of acquisition, with all subsequent changes in debt contingent consideration to be recognised as expense.
- Amendments to IAS 27 – Consolidated and Separate Financial Statements (published on 10 January 2008): The revised standard is effective for fiscal years beginning on or after 1 July 2009. In the revised standard, the partial disposal of an investment in a subsidiary while the parent company retains control, is accounted for as an equity transaction with owners, and recognised directly in equity. It also addresses how to calculate the profit or loss on deconsolidation of a subsidiary and how to remeasure any non-controlling equity investment remaining in the former subsidiary. In the Bechtle group, investments in a subsidiary always amount to 100 per cent. Applying these revised standards – after subsequent adoption by the EU – is not expected to have any major effect on Bechtle, as no such transactions, in particular reduced interests in subsidiaries, exist or are planned.
- Amendments to IAS 32 and IAS 1 – Puttable Financial Instruments and Obligations Arising on Liquidation (published on 14 February 2008): The amendments are effective for fiscal years beginning on or after 1 January 2009 and address the distinction between equity and debt capital in the accounting of capital shares with cancellation rights. While the investor’s puttable capital

has so far been classified as liability, it may now be classified as equity in certain cases. This is primarily relevant for partnerships. There are no such puttable capital contributions at Bechtle, since the parent company Bechtle AG is a listed company and thus subject to the relevant statutory and company regulations. A subsequent adoption of the revised standards by the EU will therefore have no effect on Bechtle's consolidated financial statements.

- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (published on 31 July 2008): The revised standard is effective for fiscal years beginning on or after 1 July 2009. The amendment addresses two particular situations: the designation of inflation in particular situations and the designation of a one-sided risk in a hedged item. It clarifies that an entity may also designate only part of the changes in the cash flows or fair value of a financial instrument as a hedged item. As there are no hedge relationships effective at Bechtle, applying this revised standards – after subsequent adoption by the EU – is not expected to have any effect on the consolidated financial statements.
- IFRIC 12 – Service Concession Arrangements (published on 30 November 2006): This interpretation is effective for fiscal years beginning on or after 1 January 2008 and governs the accounting for agreements where the public sector contracts with private sector operators for the fulfilment of public tasks. In order to fulfil these tasks, the private sector operators use infrastructure that remains under public control. The private sector operator is responsible for the construction, operation and maintenance of the infrastructure. A subsequent adoption of this interpretation by the EU is not expected to have any effect on Bechtle, as the entities included in the consolidated financial statement are not service concession operators under IFRIC 12.
- IFRIC 15 – Agreements for the Construction of Real Estate (published on 3 July 2008): This interpretation is effective for fiscal years beginning on or after 1 January 2009 and particularly relevant for real estate developers. It governs accounting treatment of real estate sales concluded before construction is complete. In particular, the interpretation clarifies in which cases IAS 11 or IAS 18 should be applied and when their revenue is to be recognised. As Bechtle does not develop nor sell real estate, applying this interpretation – after subsequent adoption by the EU – is not expected to have no effect on the consolidated financial statements.
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation (published on 3 July 2008): This interpretation is effective for fiscal years beginning on or after 1 October 2008 and addresses issued relating to the hedging of foreign currency risks arising from a net investment in a foreign operation. In particular, the interpretation defines what risks can be hedged, which subsidiary can hold the hedging instrument and how it should be recognised on disposal of the foreign operation. Currently, there are no such hedge relationships effective at Bechtle regarding foreign currency risks arising from net investments in foreign operations. However, such hedging relationships are likely in the future, on account of Bechtle's subsidiaries in Switzerland. Against this background, Bechtle is currently investigating possible consequences from the application of this interpretation – subject to subsequent adoption by the EU.
- IFRIC 17 – Distributions of Non-cash Assets to Owners (published on 27 November 2008): This interpretation is effective for fiscal years beginning on or after 1 July 2009 and provides guidance on distributions of non-cash assets to owners. In particular, the interpretation governs the date when the declaration of a dividend payment is announced and its calculation. The difference between the dividend paid and the carrying amount is to be recognised as expense. Since Bechtle does not currently pay nor plans to pay non-cash dividends, applying this interpretation – after subsequent adoption by the EU – is not expected to have any effect on the consolidated financial statements.

- IFRS 1 (revised) – First-time Adoption of International Financial Reporting Standards (published on 27 November 2008): The revised standard is merely an improved structure to make it easier for the reader to understand, no regulatory changes have been made. The revised standard is effective for fiscal years beginning on or after 1 July 2009 for first-time adopters of IFRS. Consequently, subsequent adoption of the revised standards by the EU will not have any effect on the Bechtle consolidated financial statements.
- Changes to IFRS “Improvements to International Financial Reporting Standards: Annual Improvements Process” (published on 22 May 2008): As part of the annual amendment process, minor and nonurgent changes are collected and published annually in a single omnibus standard. The amendments are primarily concerned with the elimination of inconsistencies between standards and unclear wording. This first omnibus of the 2007 annual amendment process contains 34 changes. It contains changes to the accounting standards as well as terminology and editorial changes. Most of the amendments are effective for fiscal years beginning on or after 1 January 2009. If adopted by the EU, Bechtle does not currently anticipate that the application of these amendments will have any major effect on the consolidated financial statements.
- Update to amendment to IAS 39 and IFRS 7: Reclassification of Financial Assets (published on 27 November 2008). The purpose of this revision of the amendment is simply to clarify the effective dates of the amendment. Consequently, any reclassification made on or after 1 November 2008 will be effective from the date of reclassification. However, reclassifications made before 1 November 2008, may become effective on 1 July 2008 or a later date. Reclassifications cannot be applied retrospectively before 1 July 2008. The application of the initial amendments to IAS 39 und IFRS 7, as previously adopted by the EU, has no effect on the consolidated financial statements, since Bechtle holds no such financial instruments. Consequently, a subsequent adoption of the updated amendments by the EU will have no effect on Bechtle’s consolidated financial statements.

Consolidation Principles

The financial statements of Bechtle AG and its subsidiaries included in the consolidated financial statements were prepared using uniform group accounting policies. Capital consolidation has been effected by offsetting the carrying amount of participations against the value of the proportionate share of the equity of the subsidiaries at the time of acquisition. Positive differences are recognised as goodwill in accordance with IFRS 3.51, while under IFRS 3.56 (b) negative differences are recognised in the income statement. The consolidated income statement takes into account the earnings of the acquired companies from the date of acquisition, i.e. from the date the group attains control. Inclusion in the consolidated financial statements ends as soon as the parent company relinquishes control.

All intra-group profits and losses, revenues, expenses, income, receivables and liabilities are eliminated on consolidation. The required tax deferrals have been applied to the consolidation processes.

Consolidated Companies

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.

An overview of the entire shareholding is published in the electronic commercial register along with the annual financial statements of Bechtle AG. An overview of the most important subsidiaries is presented in Appendix A to these Notes.

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

Company	Headquarters	Date of initial consolidation	Acquisition/founding
Comsoft direkt GmbH	Neckarsulm	01.01.08	Founding
Bechtle Printing Solutions AG	Bremgarten, Canton Aargau, Switzerland	18.02.08	Founding
Bechtle Direct Limited	Dublin, Ireland	10.03.08	Founding
BadenData GmbH*	Offenburg	18.03.08	Acquisition
Comsoft direkt GmbH	Vienna, Austria	15.05.08	Founding
MADRAS Computer Vertriebsgesellschaft mbH	Vienna, Austria	30.08.08	Acquisition
Netzwerk Beratung Informationssysteme Duisburg GmbH	Duisburg	09.09.08	Acquisition
SUPPORT EDV-Handelsgesellschaft mbH**	Vienna, Austria	12.09.08	Acquisition
Wrede Systemhaus GmbH	Meschede	18.09.08	Acquisition
Bechtle direct B.V.	Eindhoven, Netherlands	30.12.08	Founding

* recently renamed Bechtle GmbH

** recently renamed supportEDV GmbH

With the successful entry into the Commercial Register of the exclusion of the PSB AG (recently renamed Bechtle Managed Services AG) minority shareholders on 22 August 2008, Bechtle AG acquired the outstanding 1.7 per cent minority interest in PSB AG. Bechtle AG has thus increased its shareholding in PSB AG from 98.3 per cent as of 31 December 2007 to 100.0 per cent as of 31 December 2008 and the squeeze-out resolution passed by the Annual General Meeting of PSB AG on 16 June 2005 has thus become effective.

With effect from 13 November 2008, Bechtle AG also acquired the outstanding 0.2 per cent minority interest in Buyitdirect.com NV, Hoofddorp, The Netherlands, and its subsidiary. Bechtle AG has thus increased its shareholding in Buyitdirect.com N.V from 99.8 per cent as of 31 December 2007 to 100.0 per cent as of 31 December 2008.

On 1 September 2008, TomTech Gesellschaft für EDV und Büroorganisation mbH, Langenselbold was excluded from the group of consolidated companies through sale. TomTech was part of the IT e-commerce segment (Cash generating unit IT e-commerce). Taking into account the total net assets sold (1,873 thousand euros) and expenses for contract execution and performance (200 thousand euros), the deconsolidation resulted in capital gains of 466 thousand euros which was recognised as other operating income. The divested assets included non-current assets of 478 thousand euros, current assets of 2,252 thousand euros and current liabilities of 857 thousand euros. Non-current assets included goodwill of 297 thousand euros (IAS 36.86). Current assets included primarily inventories (1,083 thousand euros) and trade receivables (815 thousand euros), while current liabilities consisted mainly of trade payables (719 thousand euros). Liquid assets were 37 thousand euros. In the reporting period, part of the sales proceeds was a cash item (1,000 thousand euros),

while the other non-cash portion was recognised as of 31 December 2008 in other current assets with 1,000 thousand euros and in other non-current assets amounting to 549 thousand euros (including 10 thousand euros compound interest for the discounted non-current liability).

Currency Translation

Bechtle's subsidiaries keep their accounts in their respective local currency. Transactions in foreign currencies are converted at the closing rate on the day of the transaction. On the trade date, monetary assets and liabilities are valued at their closing rate, while non-monetary balance sheet items are converted at the rate on the day of the transaction. Exchange gains and losses arising from exchange rate fluctuations on foreign currency transactions are recognised in profit and loss. In contrast, currency translation differences based on net investments in a foreign business of a subsidiary are recognised under a separate item in the equity outside profit and loss.

Within the framework of the consolidation, assets and liabilities are converted into the functional currency euro at the closing rate in accordance with IAS 21. The revenue and expense accounts are converted at the average rate during the reporting period. Equity is determined on a historical cost basis. Any resulting exchange differences are recognised as a separate item under equity.

Changes in the exchange rates of important currencies in relation to the euro:

	Currency	Closing rate		Average rate	
		2008	2007	2008	2007
Switzerland	CHF	1.49	1.66	1.59	1.64
United Kingdom	GBP	0.96	0.73	0.80	0.68
USA	USD	1.40	1.47	1.47	1.37

Accounting Policies

Goodwill

Goodwill from a company merger is recognised initially at the cost of acquisition, which is presented as the surplus of the cost of acquisition of the merged company over the share of net fair value of the identifiable assets, liabilities and contingent liabilities pursuant to IFRS 3. The goodwill identified in the context of a company merger is a payment that has been made in expectation of future economic benefit from assets that cannot be individually identified or separately assessed.

IFRS 3 stipulated that goodwill is not amortised. Instead it is tested for impairment annually pursuant to IAS 36.

Other Intangible Assets

Other intangible assets in the Bechtle Group include acquired customer bases, brands, customer-service contracts and acquired and proprietary software.

The value of the **customer bases** is assessed at cost of purchase. The value of the customer base acquired in the context of company acquisitions is assessed in accordance with the anticipated economic benefits. Customer bases are amortised on a straight-line basis over a period whose duration depends on the expected benefit for the company. In principle it is assumed that customer relationships are long-term. The expected period of benefit is between five and ten years.

The value of the **brands** acquired in the context of company acquisitions is assessed corresponding to the resulting economic benefits. Benefit in perpetuity is to be assumed, as in accordance with an analysis of all relevant factors there is no foreseeable limitation of the period in which these brand name rights can prospectively generate net cash flows for the Bechtle Group. Consequently, in accordance with IAS 38 the brand name rights may not be amortised, but are to be tested for impairment at least annually pursuant to IAS 36.

The value of the **customer service contracts** is assessed at cost of purchase. The value of the customer service contracts acquired in the context of the company acquisition is assessed corresponding to the economic benefits that accrue. Customer service contracts are amortised over their respective residual terms corresponding to the benefit resulting from them.

The value of **software acquired** is assessed at the cost of purchase and on a straight-line basis depreciated over a useful life of three to eight years.

Proprietary software is capitalised under the conditions of IAS 38 insofar as both the technical realisability and also the marketing of the newly developed products are assured, the Group receives an economic benefit therefrom and either internal use or marketing is foreseen. Capitalisation takes place at cost, which includes all directly attributable, individual costs and reasonable mark-ups for overheads and depreciation. The costs that accrue in the period prior to technical feasibility are recognised immediately as research costs under expenditure. The straight-line depreciation of these capitalised costs occurs from the date of the commercial use of the asset over a useful life of three to five years. The depreciations are recognised under revenue, sales & marketing and administrative costs depending on their origin.

Plant, Property and Equipment

Property, plant and equipment is measured at cost of purchase less scheduled depreciation. Where necessary, unscheduled impairments are also performed. Scheduled depreciation takes place on a pro rata temporis basis and mainly in accordance with a straight-line method on the basis of the prospective useful life of the asset.

The scheduled depreciation are based on the following assumed useful lives:

Office equipment:	3 – 5 years
Tools and equipment	5 – 20 years
Vehicle fleet:	3 – 6 years
Buildings:	25 – 50 years

Low-value asset of property, plant and equipment are fully depreciated in the year of accrual and recognised as a disposal.

Maintenance costs are recognised on the date on which they are incurred. Interest payable for debt capital is posted under current expenses.

For financing leasing contracts the economic ownership is attributed to the lessee in cases in which the latter bears all risks and opportunities that are associated with the property (IAS 17). In these cases, the respective tangible assets will be capitalised at the cost of purchase or at the lower present value of the minimum lease payments and depreciated on a straight-line basis in accordance with the economic useful life or over the shorter term of the leasing contract.

With operating leasing relationships, the leasing rates or rental payments are recognized as directly expense in the income statement.

Impairment of Assets

For goodwill as well as other intangible assets with an unlimited useful life, an impairment test is performed at least once a year. In the case of intangible assets with limited useful lives and plant, property and equipment, an impairment test is performed, if events or changes occur that suggest an impairment of value. In the Bechtle Group, the value in use as derived using the discounted cash flow method is generally used to test for impairment. The basis for this is the current budget drawn up by the management for the next three fiscal years. The budget assumptions are respectively adjusted in the light of the latest information. In the process, appropriate assumptions on macro-economic and historical trends are taken into account. The expected growth rates in the relevant markets are generally taken as the basis for the calculation of cash flows.

The depreciation requirement corresponds to the amount by which the carrying amount of the assets exceeds the fair value. Assets that are no longer intended for use in business operations are assessed at their carrying amount or a lower assignable value less costs of disposal. For the purposes of impairment tests on goodwill, these assets must be assigned to their corresponding cash-generating units. In the Bechtle Group, there are two cash generating units that coincide with the two segments "IT system house & managed services" and "IT e-commerce" from segment reporting.

Deferred Taxes

In accordance with IAS 12, deferred taxes are accumulated 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 only recognised insofar as it may be assumed with sufficient probability that these differences will in future lead to the realisation of the corresponding economic advantage. Deferred tax assets are offset against deferred tax liabilities provided that the tax creditor is identical in both cases. The assessment is based on the tax rates applicable in the year of reversal. Changes in the tax rates are taken into consideration, provided that they are adopted.

Inventories

Merchandise is measured at the average costs of purchase pursuant to IAS 2. Interest on borrowed capital is not capitalised. Where necessary, reductions have been made to the lower net realisable value. These reductions also take into account all remaining inventory risks in addition to loss-free valuation. Insofar as the reasons that led to a write-down of inventories no longer exist, the impairment loss is reversed.

Financial Instruments

Financial instruments are contracts that result simultaneously in a financial asset for one company and in 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 risks of change in value).

IAS 39 distinguishes between the following categories of financial instruments:

- Assets that are held for trading and recognised as expense at fair value
- Held to maturity investments
- Loans and receivables
- Available for sale financial assets
- Financial liabilities at amortised cost
- 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. As a matter of principle, the purchase and sale of financial assets is recognised as of the settlement date. Loans and receivables are recognised at amortised cost.

Bechtle AG has so far not exercised the option to designate financial assets at their initial recognition as financial assets to be measured at fair value as affecting net income. The Group has thus far opted not to make use of the right of option of designating financial liabilities at their initial valuation as financial liabilities to be measured at fair value as affecting net income.

Derivate financial instruments are generally only used for hedging purposes at Bechtle. The company makes use of interest swaps in order to mitigate the interest rate change risk for financial liabilities resulting from future interest rate fluctuations. Forward exchange transactions are used in individual cases to hedge receivables and liabilities from commercial operations 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 determined with the aid of standardised mathematical models (mark-to-market method) or quoted prices. Gains and losses from the changes in the market values of derivative financial instruments that 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 the financial derivatives, insofar as they relate to the effective part, are recognised directly in equity in the company's interest swaps to be classified as cash flow hedges, taking account of the accruing deferred taxes. The market value of interest swaps is determined by discounting

the anticipated future payment flows over the residual term of the contract on the basis of the current market interest rates and the yield curve. Ineffective changes in market value are recognised as income or expense in the income statement.

Forward exchange transactions for hedging receivables or payables (= underlying transaction) in a foreign currency are recognised as a fair value hedge. A fair value hedge hedges the fair value of book assets and liabilities. The underlying fair value of a forward exchange contract is determined by means of the market value. Any changes in the fair value of the forward exchange transaction and a change in the market value of the underlying transaction based on the hedged risk are simultaneously recognised at their fair value as affecting net income.

Derivatives used for hedging purposes that do not, however, meet the strict criteria of IAS 39 are recognised in the income statement as held for trading purposes and measured at fair value.

Trade Receivables and other Assets

Trade receivables and other assets are measured at amortised costs taking into account appropriate reduction for all identifiable individual risks. Non-current liabilities with a residual term of more than one year are discounted on the basis of the corresponding interest rates on the balance sheet date. The general credit risk is, where documentable, also taken into consideration in appropriate valuation allowances.

Impairments of trade receivables are in principle performed via valuation allowance accounts. The decision as to whether a credit risk is taken into consideration through a valuation allowance account or through a direct impairment of the receivable depends on how reliable the assessment of the risk situation as well as the various, possibly country-specific framework conditions. This assessment is the responsibility of the individuals responsible for the portfolio.

Trade receivables in the Bechtle Group consist exclusively of financial instruments. The other assets also include non-financial assets.

Securities

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

Treasury Shares

The total costs of the treasury shares acquired are reported openly under a separate item as a reduction in equity. The number of company shares outstanding, i.e. in circulation, is reduced 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 reserves and recognised directly in equity in compliance with IAS 32.33.

Cash and Cash Equivalents

Cash and cash equivalents are measured as financial assets at amortised cost. They include the current bank balances and cash on hand as well as short-term financial investments with initial maturities of less than three months from the date of acquisition.

Pension Provisions

Provisions for pensions are shown in the balance sheet and valued in accordance with IAS 19. Here a distinction is to be made between contribution and defined benefit pension plans.

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

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

Pursuant to IAS 19.93A, Bechtle consistently recognises all actuarial gains or losses of all defined benefit plans directly in equity, taking into account deferred taxes directly in equity (retained earnings). These actuarial gains or losses are reported in the "Statement of recognised income and expense".

Other Provisions

Other provisions are created where there is a current obligation to third parties arising from a past event. It must be possible to estimate the amount reliably and the balance of probabilities must be that it will result in an outflow of future resources. Provisions are only created for legal and substantive obligations with respect to third parties.

Long-term provisions with a residual term of more than one year are discounted on the basis of the relevant interest rates on the balance sheet date, where the interest rate effect was significant.

Trade Payables and other Liabilities

Liabilities are reported under liabilities at amortised cost. Long-term liabilities with a residual term of more than one year are discounted on the basis of the relevant interest rates on the balance sheet date.

Liabilities from financial leasing are reported under liabilities at the present value from the future minimum leasing rates.

In the Bechtle Group, trade payables exclusively consist of financial instruments. The other liabilities also contain non-financial assets.

Accruals and Deferrals

At Bechtle accruals and deferrals include all revenue and income accruals. These include in particular payments and deferred income on maintenance contracts and warranty services. These are valued in accordance with the services still to be rendered.

Revenue Recognition

Revenues are realised in the IT system house & managed services and IT e-commerce segments, whereby a distinction is made between services and merchandise.

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

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

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

Research and Development Costs

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

Earnings per Share

Earnings per Share or EPS are calculated in accordance with IAS 33. IAS 33 prescribes the reporting of earnings per share for all companies that have issued ordinary shares. The earnings per share are the earnings accruing to the shareholders of Bechtle AG after tax, divided by the weighted average of the ordinary shares outstanding.

Key Assumptions and Estimates

The preparation of the consolidated financial statements requires estimates and assumptions on the part of the Executive Board that affect the reported amount of assets, liabilities, income and expense in the consolidated financial statement as well as the disclosure of other financial liabilities and contingent liabilities. Reasonable allowance is made for existing uncertainties when calculating values. The actual earnings may, however, differ from these estimates. All estimates and assumptions are made to the best of our knowledge and belief in order to provide a true and fair picture of the earnings, assets, financial position 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 plant, property 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 to determine the present value of these cash flows. For estimates of future cash flows, long-term income forecasts are to be made in the context of economic setting and the development of the industry.

The scheduled depreciation of **plant, property and equipment** requires estimates and assumptions when determining the standardised useful life of assets for the Group as a whole.

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

Inventories include valuation allowances to the lower net realisable value. The amount of the valuation allowances requires estimates and assumptions about the sales revenues 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 debt.

The valuation of **pension obligations** is based on assumptions about the future development of certain factors. These factors include, among others, actuarial assumptions such as, for example, the 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 nature of such plans, such estimates are subject to considerable uncertainties.

The recognition and valuation 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 created for obligations where there is a risk of losses, losses are probable and their sum can be reliably estimated.

To determine whether an agreement constitutes a **leasing relationship**, it is necessary to assess whether the fulfilment of the contractual agreement depends on the use of a certain asset or certain assets and on whether the agreement grants the right to use the asset.

III. FURTHER EXPLANATORY NOTES ON THE INCOME STATEMENT

(1) Revenues

The trade receivables charged to customers – less sales reductions and discounts – are stated under the revenues in the amount of 1,431,462 thousand euros (2007: 1,383,453 thousand euros).

Revenues are broken down by business segments and regions on the basis of segment reporting (Item VII).

(2) Classification of Expenses

in th. euros	Sales costs		Distribution costs		Administration costs	
	2008	2007	2008	2007	2008	2007
Material costs	1,079,543	1,057,410	0	0	0	0
Personnel expenses	100,447	97,185	67,116	61,591	50,147	44,477
Depreciation	6,206	6,057	4,001	3,982	3,703	3,462
Other operating expenses	27,135	27,469	19,338	15,782	21,859	19,297
Total costs	1,213,331	1,188,121	90,455	81,355	75,709	67,236

Other operating expenses mainly consist of expenses for office and building rent, vehicle expenses, communication expenses, and other expenses incurred within the scope of normal business operations.

(3) Other Operating Income

The other operating income was as follows:

in th. euros	2008	2007
Marketing allowances and other remuneration to suppliers	4,057	7,006
Revenue from currency conversion differences	1,564	773
Adjustment payments in connection with claims to construction contract services	700	0
Revenue from forward exchange transactions (without a qualified/designated hedging relationship)	501	0
Profit from the sale/deconsolidation of TomTech	466	0
Revenue from the disposal of property, plant and equipment assets and intangible assets	183	465
Revenue from operating a photovoltaic system	176	0
Revenue from the sale of non-current assets held for sale	0	1,936
Compensation payments in connection with a resolved legal dispute	0	650
Others	615	682
Other operating revenue	8,262	11,512

Under consideration of the currency translation expenses recorded under cost of revenue, distribution expenses, and administration expenses, the net expenses in the reporting period amounted to 535 thousand euros (prior year: income of 202 thousand euros).

The remaining other operating income essentially contains insurance payments, cost transfers as well as income from account consolidation.

(4) Financial Income and Financial Expenditure

As in the prior year, the financial income of 1,987 thousand euros (prior year: 1,263 thousand euros) consisted exclusively of interest income. The financial expenditure of 683 thousand euros (prior year: 510 thousand euros) contains interest costs of 278 thousand euros (prior year: 510 thousand euros) and valuation allowances (IAS 39.67) on available for sale securities of 405 thousand euros.

(5) Income Taxes

The paid and due taxes on income and earnings as well as deferred tax accruals are recognised as taxes on income.

The taxes expense in the reporting period was as follows:

in th. euros	2008	2007
Paid or due taxes		
Germany	12,542	14,472
Other countries	3,169	3,181
Deferred taxes		
from valuation differences in terms of time	-73	-1,014
from losses brought forward	467	1,408
Income taxes	16,105	18,047

The reconciliation of the actual tax expenses and the amount that applies taking into account a weighted domestic and foreign tax rate of around 27 per cent (prior year: 33 per cent) on the profit before taxes income for the reporting year is as follows:

in th. euros	2008	2007
Earnings before taxes	61,533	59,006
Expected tax expense	16,453	19,416
Disposal of goodwill	-373	0
Tax-free capital gains	-314	0
Tax rate change for deferred taxes	-45	-1,320
Tax expense of earlier years	0	52
Tax revenue of earlier years	-360	-114
Non-deductible expenses	646	500
Addition of deferred taxes assets	-532	-793
Depreciation/disposal of deferred tax assets	563	404
Others	67	-98
Actual tax expense	16,105	18,047

(6) Earnings per Share

The following table shows the calculation of the result after tax with minority shares per ordinary share:

	2008	2007
Earnings after taxes (in th. euros)	45,428	40,959
of which: shares held by minorities (in th. euros)	56	62
of which: shares held by Bechtle AG shareholders (in th. euros)	45,372	40,897
Average number of shares (number)	21,164,950	21,200,000
Earnings per share (euros)	2.1438	1.9291

The earnings per share was calculated in accordance with IAS 33 on the basis of the earnings after taxes without minority shares and the average number of shares in circulation in the reporting period. Treasury shares correspondingly reduce the number of shares in circulation. The undiluted earnings per share are identical with the diluted earnings per share.

IV. FURTHER EXPLANATORY NOTES ON THE BALANCE SHEET

(7) Goodwill

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	IT system house & managed services	IT e-commerce	Group
Cash-Generating Unit			
Situation as of 01.01.2008	72,920	26,989	99,909
Additions from acquisitions (IFRS 3.51)	3,433		3,433
BadenData GmbH	100		
Madras Computer Vertriebsgesellschaft mbH	38		
Netzwerk Beratung Informationssysteme Duisburg GmbH	6		
Support EDV-Handelsgesellschaft mbH	1,558		
Wrede Systemhaus GmbH	1,731		
Deconsolidation		-297	-297
TomTech Gesellschaft für EDV und Büroorganisation mbH		-297	
Acquisition of outstanding shares	389		389
PSB AG für Programmierung und Systemberatung	389		
Differential on currency translation (IAS 21.47)	1,146	1,243	2,389
Situation as of 31.12.2008	77,888	27,935	105,823

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 & managed services" 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 8.4 and 8.8 per cent (prior year: 7.9 to 8.8 per cent), which correspond to the required return on investment and/or capital costs in the Bechtle Group. The applied cash flow forecasts are based on individual revenue and cost budgets approved by the management. To be on the safe side, the growth rates for years in the more distant future have been calculated in a very riskaverse way with values close to 0 per cent. The values in use determined in the reporting period 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.

Further details on the goodwill generated in the fiscal year from acquisitions as well as the detailed purchase price allocations can be found in Item VIII "Acquisitions".

Furthermore, a statement of changes in goodwill is given in Appendix B and C to the notes.

(8) Other Intangible Assets

in th. euros	31.12.2008	31.12.2007
Customer bases	12,957	12,383
Brands	2,879	3,187
Customer service contracts	286	475
Internally generated software	67	100
Acquired software	3,370	3,069
Other intangible assets	19,559	19,214

The brands have an unlimited useful life and are allocated to the cash-generating unit IT e-commerce. In the reporting period, an impairment amounting to the full book value of 600 thousand euros (IAS 36) has been recognised for the Dutch brand *Artikona* under depreciation and amortisation and thus under operating expenses, as this brand will no longer be used due to a name change and therefore will no longer contribute to the cash flow. In contrast, the value of the other brands is not impaired in any way.

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. The discount rate applied for the determination of the utilisation value of the brands within the scope of the impairment tests reflects the asset-specific risks.

	2008
Customer Bases	
Carrying amount (31.12.2008)	12,957
Remaining useful life (weighted average)	3.5 years
Accumulated depreciation by budgeted amounts	14,110
Accumulated impairment as per IAS 36	269
Differential on currency translation of accumulated depreciation	670
Scheduled depreciation 2008	3,375

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

(9) Plant, Property and Equipment

in th. euros	31.12.2008	31.12.2007
Property and buildings	5,786	4,202
Other equipment, furniture, fixtures and fittings	16,419	15,336
Plant and machinery	0	25
Advance payments and construction in progress	1,553	0
Property, plant and equipment	23,758	19,563

The plants recognised in the prior year under Plant and machinery were reassigned in the fiscal year to Other equipment, furniture, fixtures and fittings for reasons of materiality. There has been only negligible extraordinary depreciation on property, plant and equipment.

On the balance sheet date, there were contractual liabilities for the purchase of property, plant and equipment in the amount of 858 thousand euros in connection with plants under construction.

Leased assets worth 6 thousand euros (prior year: 113 thousand euros) are included under equipment as of 31 December 2008 in accordance with IAS 17.20 or IAS 17.25 (finance leases). On 31 December 2008, the present value of future minimum lease payments totalled 6 thousand euros (prior year: 126 thousand euros). In the fiscal year 2009, lease payments in the amount of 6 thousand euros will fall due (prior year: 121 thousand euros). The present value of these payments is 6 thousand euros (prior year: 119 thousand euros). Since no more leasing payments are due in the medium term (prior year: 7 thousand euros), the corresponding present value is 0 thousand euros (prior year: 7 thousand euros).

Following expiry of the basic term, which in principal corresponds to 60 per cent of the useful life of the leased objects, the lessee may purchase the leased object or extend the term of the lease. Following expiry of the basic term, the lessor is entitled to sell the leased object. 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 Appendix B and C to the notes.

(10) 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	31.12.2008	31.12.2007
Unused tax losses	2,734	3,225
Pension provisions	1,668	1,056
Property, plant and equipment	243	231
Other provisions	102	190
Other assets	109	0
Deferred tax assets prior to valuation allowances	4,856	4,702
Valuation allowances	160	241
Deferred tax assets	4,696	4,461

in th. euros	31.12.2008	31.12.2007
Goodwill	5,755	4,912
Customer bases	3,059	2,667
Brands	527	600
Property, plant and equipment	571	492
Provisions	361	398
Inventories	623	313
Receivables	421	210
Investments	136	160
Customer service contracts	75	125
Loans	0	129
Other	30	96
Deferred tax liabilities	11,558	10,102

Valuation allowances are made to the carrying amount of deferred tax assets if the realisation of the expected gains from deferred taxes is not sufficiently probable. The estimate made for this purpose may be subject to changes in the course of time, which may lead to a reversal of valuation allowances in subsequent periods. The valuation allowance in the amount of 160 thousand euros (prior year: 241 thousand 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.

The unused tax losses as at 31 December 2008 on which deferred tax assets have been based, concern domestic and foreign subsidiaries. Domestic unused tax losses include unused corporation tax losses of 1,338 thousand euros (prior year: 3,494 thousand euros) as well as trade unused tax losses of 5,390 thousand euros (prior year: 9,793 thousand euros). Some 10,646 thousand euros (prior year: 13,016 thousand euros) are attributable to losses of foreign subsidiaries.

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

Deferred taxes amounting to 1,535 thousand euros (prior year: 1,135 thousand euros) on the assets side on unused tax losses of 6,275 thousand euros (prior year: 4,648 thousand euros) were not capitalised, as the tax claims are not expected to be realised in the near future.

As of 31 December 2008, as in the prior year, no deferred tax liabilities were recognised for taxes on non-transferred earnings of subsidiaries of Bechtle, either because these earnings are not taxable or because they are to be reinvested for an indefinite term.

Temporary differences in connection with interests in subsidiaries for which no tax liabilities were recognised amounted to a total of 5,558 thousand euros (prior year: 2,011 thousand euros).

(11) Inventories

The company's inventories consist almost exclusively of merchandise.

in th. euros	31.12.2008	31.12.2007
Inventories, gross	53,972	49,084
Valuation allowances	1,854	2,267
Inventories	52,118	46,817

The carrying amount of value adjusted inventories came to 3,387 thousand euros as of 31 December 2008 (prior year: 5,816 thousand euros).

(12) Trade receivables

in th. euros	31.12.2008		31.12.2007	
	short-term	long-term	short-term	long-term
Trade receivables, gross	191,218	366	191,995	264
Valuation allowances	2,816	0	2,683	0
Trade receivables	188,402	366	189,312	264

The maturity structure of the short-term trade receivables on the balance sheet date is as follows:

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	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days
31.12.2008										
Trade receivables	188,402	1,155	1,074	1,742	134,440	48,185	5,334	1,597	507	0
31.12.2007										
Trade receivables	189,312	1,129	979	1,704	128,591	50,184	9,001	1,786	1,238	66

The company allows the time for payment usual in the industry and country. With respect to trade receivables that are 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 collateralised. The company thus bears the risk that bad debts equal to the carrying amounts of the receivables could be incurred. In the past, the company has had to tolerate bad debts of minor significance on the part of individual customers or customer groups. In order to cover the general credit risk, appropriate valuation allowances are performed based on past experience.

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

in th. euros	2008	2007
Situation of valuation allowances as of 1 January	2,683	2,430
Exchange differences/Consolidation	44	39
Transfers (Expenses for valuation allowances)	805	732
Utilisation	203	287
Dissolutions	513	231
Situation of valuation allowances as of 31 December	2,816	2,683

The total sum of the transfer in the amount of 805 thousand euros (prior year: 732 thousand euros) is composed of transfers for individual valuation allowances amounting to 501 thousand euros (prior year: 456 thousand euros) and lumpsum individual valuation allowances of 304 thousand euros (prior year: 276 thousand euros).

The immediate derecognition of trade receivables resulted in expenses in the amount of 392 thousand euros (prior year: 317 thousand euros). There is only negligible income from the recovery of derecognised receivables.

In accordance with the requirements of IFRS 7, trade receivables are, as in the prior year, allocated in full to the category "Trade receivables".

(13) Securities

Securities are classified as “available for sale” and hence as non-derivative financial assets. They are to be measured at fair value, quoted and market value in accordance with IAS 39.

in th. euros	31.12.2008	31.12.2007
Cost of purchase	743	1,999
Quoted and market value	338	1,929
Unrealised losses	-405	-106
Deferred interest	0	36

The unrealised losses on securities were recognised in the income statement for the first time in the fiscal year under financial expenditure (IAS 39.67).

In accordance with requirements of IFRS 7, securities are, as in the prior year, allocated in full to the category “Securities”.

(14) Other Assets

The other assets consist of the following:

in th. euros	31.12.2008		31.12.2007	
	current	non-current	current	non-current
Refunds and other receivables from suppliers	10,358	0	9,989	0
Receivables from a leasing company	3,158	0	0	0
Receivables from the sale of Tomtech	1,000	549	0	0
Labour procurement reserves (blocked account in Switzerland)	0	823	0	768
Loan extended to a leasing company	0	793	0	818
Rental deposits	460	316	459	248
Due from staff	102	67	50	80
Insurance refunds	84	0	151	0
Employer contribution reserve	51	0	144	0
Unrealised gains from financial derivatives	0	0	79	0
Receivables from the sale of intangible assets	0	0	121	0
Other	388	16	319	32
Total financial instruments	15,601	2,564	11,312	1,946
Deferred income	1,356	0	731	0
Advance payments	1,065	0	848	0
Social security claims	974	0	373	0
VAT accruals	191	0	131	0
Claims from other taxes	223	0	0	0
Total miscellaneous assets	3,809	0	2,083	0
Other assets	19,410	2,564	13,395	1,946

The company’s assets are not collateralised. The company therefore bears the risk that bad debts equal to the carrying amounts of the receivables could be incurred.

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	between 31 and 90 days	between 91 and 180 days	between 181 and 360 days	over 360 days	
31.12.2008								
Financial instruments	15,601	15,362	148	43	40	6	2	
31.12.2007								
Financial instruments	11,312	10,243	921	148	0	0	0	

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

In accordance with requirements of IFRS 7, the financial instruments included under other assets have been allocated in full to the category "Other financial assets". In the prior year 13,179 thousand euros were allocated to the category "Other financial assets" and 79 thousand euros to the category "Financial derivatives".

(15) Cash and Cash Equivalents

The cash and cash equivalents in the amount of 77,300 thousand euros (prior year: 52,300 thousand euros) include current bank balances and cash on hand as well as short-term financial investments with initial maturities of less than three months from the date of acquisition.

In accordance with requirements of IFRS 7, cash and cash equivalents are allocated in full to the category "Cash and cash equivalents".

(16) Equity

The changes in Group equity can be seen in the following statement of changes in equity.

in th. euros	Issued capital	Capital reserves	Revenue reserves		Treasury shares	Equity without minority shares	Minority shares	Total equity
			Accrued profits	Change in equity recognised directly in equity				
Equity as of 1 January 2007	21,200	143,454	90,826	-6,555	0	248,925	289	249,214
Profit distribution for 2006			-10,600			-10,600		-10,600
Earnings after taxes			40,897			40,897	62	40,959
Revenue and expenses directly recognised in equity				-3,111		-3,111		-3,111
Changes to consolidated companies						0	3	3
Equity as of 31 December 2007	21,200	143,454	121,123	-9,666	0	276,111	354	276,465
Equity as of 1 January 2008	21,200	143,454	121,123	-9,666	0	276,111	354	276,465
Profit distribution for 2007			-12,720			-12,720		-12,720
Earnings after taxes			45,372			45,372	56	45,428
Revenue and expenses directly recognised in equity				4,933		4,933		4,933
Acquisition of own shares					-2,247	-2,247		-2,247
Acquisition of outstanding minority shares						0	-410	-410
Equity as of 31 December 2008	21,200	143,454	153,775	-4,733	-2,247	311,449	0	311,449

Issued Capital

As of 31 December 2008, the share capital of Bechtle AG consisted of 21,200,000 issued ordinary shares each with a nominal value of 1.00 euro. Each share confers one vote. The share capital has thus remained unchanged with respect to 31 December 2007.

The number of outstanding shares has been reduced to 20,990,500 shares as of 31 December 2008 (prior year: 21,200,000 shares) by the buyback of treasury shares. In the reporting period, the weighted average number of outstanding shares determined pursuant to IAS 33 was 21,164,950 shares (prior year: 21,200,000 shares).

Authorised and Contingent 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 thousand 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) the 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.

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 thousand 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**).

Such subscription rights or share options did not exist in the fiscal years 2007 and 2008 and will not be issued in the future. Therefore, the company intends to cancel the contingent capital in 2009.

Capital Reserve

The capital reserve mainly contains the offering premium (Agio) from the capital increases, and compared with the figure as of 31 December 2007 is unchanged at 143,454 thousand euros.

Retained Earnings

Accrued Profits

At the Annual General Meeting of 17 June 2007, a resolution was passed to distribute a dividend of 0.60 euro for each individual share certificate for the 2007 fiscal year (dividend sum: 12,720 thousand euros). The dividend was paid on 18 June 2008.

Dividends may only be drawn from the company's retained earnings and revenue reserves as recognised 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 commitment to distribute future dividends is jointly proposed by the Executive Board and the Supervisory Board and voted on at the Annual General Meeting. The determining factors include, in particular, profitability, financial situation, capital requirements, business prospects as well as the general economic circumstances of the company. Since the company's strategy is geared toward internal and external growth, investments will be required that should – where possible – be financed internally. The Executive Board has decided to propose to the Supervisory Board and the Annual General Meeting that the retained profits for the fiscal year 2008 in the amount of 12,720 thousand euros be used to distribute a dividend of 0.60 euro per participating individual share certificate and to carry forward the dividend accruing to the treasury stock held by the company on the date of Annual General Meeting to a new account.

The retained earnings recognised in the annual financial statement of Bechtle AG prepared in accordance with German commercial law developed in the last fiscal year as follows:

in th. euros	
Retained earnings as of 1 January 2008	12,720
Distribution of dividends	-12,720
Profit brought forward	0
Earnings after taxes 2008	22,158
Allocation to reserves for treasury shares	-2,247
Allocation to other revenue reserves	-7,191
Retained earnings as of 31 December 2008	12,720

Accumulated Earnings Recognised Directly in Equity

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

in th. euros	31.12.2008	31.12.2007
Actuarial pension scheme gains and losses	-9,586	-5,548
Deferred taxes	1,882	1,091
Unrealised losses from securities	0	-106
Deferred taxes	0	27
Unrealised losses/profits from financial derivatives	-369	79
Deferred taxes	98	-21
Currency conversion differences from net investments in foreign business operations	-841	353
Deferred taxes	66	0
Currency conversion differences	4,017	-5,541
Accumulated earnings recognised directly in equity	-4,733	-9,666

Treasury Shares

On 9 October 2008, the Executive Board of Bechtle AG decided to buy back up to 2.12 million own shares via the stock market (Xetra). The basis for the share buyback is the decision of the Annual General Meeting of 17 June 2008 that empowers the company under § 71 (1) no. 8 AktG to buy back up to ten per cent of equity in circulation on the date of the aforesaid resolution by 16 November 2009.

The acquisition of own shares by the company is conducted via the stock exchange or in the context of a public offering by the company. The cash value paid by the company per share may not be more than ten per cent above or below the average closing price for the shares in Xetra trading on the last five trading days prior to the buyback of the company's own shares, or in the case of a public offering, prior to the day of publication of the offer.

The authorisation has been exclusively issued for the following purposes: for the use of treasury shares to finance acquisitions; to change the capital structure of the company; for recalling shares; for issuing the shares of the company on foreign stock exchanges on which they have not been previously traded. For the rest, the buyback and use of treasury shares must comply with the conditions of the Annual General Meeting resolution.

In the reporting period, 209,500 treasury shares were bought back (prior year: 0 shares), meaning that as of 31 December 2008, the company held 209,500 treasury shares (prior year: 0 shares) and hence 0.99 per cent or 210 thousand euros of the equity. The valuation is performed on the basis of the total costs of the treasury shares bought back, which, given an average purchase price per share of 10.70 euros, totalled 2,247 thousand euros including transaction costs in the amount of 6 thousand euros. No treasury shares were sold during the reporting period.

Minority Shares

As previously mentioned in the "Consolidated companies" section, Bechtle AG acquired all outstanding minority shares (1.7 per cent of the shares) in PSB AG. The purchase price was 795 thousand euros.

Prior to this acquisition, 56 thousand euros of the after tax earnings of PSB AG was apportionable during the reporting period to the minority interest in PSB AG already existing as of 31 December 2007 (350 thousand euros). Goodwill was increased by 389 thousand euros; the amount by which the nominal value of the minority interest exceeded the purchase price (406 thousand euros).

In addition, in the reporting period Bechtle AG acquired the outstanding minority shares (0.2 per cent of the shares) in Buyitdirect.com N.V. against payment of a purchase price equal to the balance sheet value of the minority shares (4 thousand euros). This did not result in a change in goodwill.

Hence, on 31 December 2008 no minority interests remained on the balance sheet (31 December 2007: 354 thousand euros).

Capital Management

At 62.8 per cent, the equity ratio (equity in relation to the balance sheet total) at Bechtle (prior year: 61.2 per cent) shows a solid equity structure. The aim of Bechtle's capital management is to retain a strong equity base, in order 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 the shareowners or issue new shares or buy back existing shares. As of 31 December 2008 or by 31 December 2007, no changes had been made to the goals, guidelines and procedures.

(17) 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, there are no defined benefit pension plans in place at the Bechtle Group.

Bechtle Holding Schweiz AG and Subsidiaries

Although the pension plans of Bechtle Holding Schweiz AG and its subsidiaries are contractually defined as defined contribution plans, they are to be shown in the balance sheet as defined benefit plans in accordance with IAS 19 because a financial contribution by the company cannot be excluded in the event of deficient cover.

Due to lacking information on the part of the Group of independent pension institutions (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, Survivors and Invalidity Pensions (BVG). The subsidiaries of Bechtle Holding Schweiz AG that are not domiciled in Switzerland are insured via external state (those in Germany, France and Austria) and private (Netherlands) pension funds. The Bechtle Pension Fund means that the necessary transparency has been in place since 1 January 2006 to show pension plans in the balance sheet as defined benefit plans pursuant to IAS 19.48 et seq. To this end, actuarial reports have been prepared regularly since 1 January 2006.

As of 31 December 2007, comparison of the projected assets (32,685 thousand euros) and the defined benefit obligation (37,992 thousand) yielded insufficient cover and a net obligation to be shown in the balance sheet of 5,307 thousand euros, which was duly recognised as a pension provision. This net obligation shown in the balance sheet was attributable to actuarial losses of 5,616 thousand euros that were recognised directly in equity (retained earnings) in accordance with IAS 19.93A after taking deferred taxes into account.

In the course of the reporting period, further actuarial losses of 3,629 thousand euros were accrued. Taking into account currency translation differences of 851 thousand euros, the actuarial losses stated in retained earnings as of 31 December 2008 were 9,736 thousand euros less deferred tax assets in the amount of 1,922 thousand euros.

During the reporting period, the employer's contributions paid exceeded the net pension payments recognised as affecting net income by 910 thousand euros, which was recognised accordingly as a reduction in personnel expenses and hence of the operating expenses.

After taking into account other currency translation differences of -95 thousand euros, the total net obligation to be shown in the balance sheet as of 31 December 2008, and hence the pension provisions thus amounted to 8,422 thousand 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 of 31 December 2005 on the basis of an actuarial expert opinion.

The obligations of this defined benefit pension plan are treated as direct commitments without drawing on of reserves. This is a reserve-financed pension system that is not fund-supported. For valuation purposes, actuarial expert opinions are prepared regularly. As of 31 December 2007, the pension provisions shown in the balance sheet were 468 thousand euros. The actuarial gains amounted to 68 thousand euros (deferred tax liabilities: 18 thousand euros).

As of 31 December 2008, the pension provisions fell by 31 thousand euros to 437 thousand euros. A reduction of 82 thousand euros was recognised directly in equity as an actuarial gain (passive deferred taxes: 22 thousand euros) while 51 thousand euros was recognised under expenses.

In total, as of 31 December 2008, the pension obligations of Bechtle Onsite Services GmbH and of Bechtle Holding Schweiz AG and subsidiaries stated in the consolidated balance sheet came to 8,859 thousand euros.

The reconciliation statement for the present value of the benefit-orientated liabilities is composed as follows:

in th. euros	2008	2007
Present value of defined benefit obligation as of 01.01.	38,460	39,363
Ongoing work time expenses (for pension entitlements earned in the reporting period)	1,654	1,792
Interest cost (for pension entitlements earned in the reporting period)	1,444	1,206
Employee contributions	1,719	1,771
Actuarial gains/losses	-2,473	-490
Company mergers	0	1,770
Paid pension benefits	-5,212	-5,812
Currency translation differences	4,100	-1,140
Present value of defined benefit obligation as of 31.12.	39,692	38,460

The fair value of the projected assets are transferred as follows:

in th. euros	2008	2007
Fair value of projected assets as of 01.01.	32,685	33,979
Expected revenue from projected assets	1,547	1,408
Employee contributions	1,719	1,771
Employer contributions	2,410	2,287
Actuarial gains/losses	-5,660	-1,460
Company mergers	0	1,504
Paid pension benefits	-5,212	-5,812
Currency translation differences	3,344	-992
Fair value of projected assets as of 31.12.	30,833	32,685

The following table shows the reconciliation statement for the pension provisions recognised in the balance sheet:

in th. euros	31.12.2008	31.12.2007	31.12.2006	31.12.2005	31.12.2004
Present value of defined benefit obligation	39,692	38,460	39,363	559	-
Fair value of projected assets	30,833	32,685	33,979	0	-
Net obligation	8,859	5,775	5,384	559	-
Pension reserves shown in the balance sheet	8,859	5,775	5,384	559	-

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

in th. euros	2008	2007
Ongoing work time expenses (for pension entitlements in the reporting period)	1,654	1,792
Interest cost (for pension entitlements acquired at an earlier date)	1,444	1,206
Expected revenue from projected assets	-1,547	-1,408
Net pension expenses for benefit commitments	1,551	1,590

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

	Bechtle Holding Schweiz AG (sub-group)	Bechtle Onsite Services GmbH
Discount rate	3.50%; 3.00% from 31.12.2008	6.00%
Inflation rate	1.50%; 1.75% from 31.12.2008	n/a
Long-term expected appreciation of projected assets	4.25%; 4.00% from 31.12.2008 "net" (i.e. after administration costs)	n/a
Salary increase (incl. inflation rate)	2.00%	0.00%
Pension increase	0.00%	n/a
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 three years	Heubeck guide 2005 G
Earliest retirement age	Men and women 100% aged 64 years	Men 62/63 and women 60/62 (after Pension Reform 1999)
Surcharge for longevity	None	None

The total projected returns result from the weighted average projected revenues from the investment categories maintained by the plan assets. The assessment of the projected revenues by the management is based on historical revenue series and market forecasts by analysts for the respective assets for the next twelve months.

The composition of the projected assets of Bechtle Holding Schweiz AG with respect to investment categories is as follows:

	31.12.2008
Obligations	41%
Equity instruments	23%
Property	17%
Others	11%
Liquidity	8%

The empirical valuation allowances to the defined benefit obligation and the projected assets are as follows:

in th. euros	31.12.2008	31.12.2007
Empirical adjustment to defined benefit obligation (gain)	6,468	341
Empirical adjustment to projected assets (loss)	-8,984	1,448

The actuarial expert opinions for Bechtle Holding Schweiz AG and Bechtle Onsite Services GmbH forecast the following figures for 2009:

in th. euros	2009
Present value of defined benefit obligation as of 01.01.	39,692
Ongoing work time expenses (for pension entitlements earned in the reporting period)	2,763
Interest cost (for pension entitlements earned in the reporting period)	1,120
Employee contributions	1,834
Paid pension benefits	-5,560
Present value of defined benefit obligation as of 31.12.	39,849

in th. euros	2009
Fair value of projected assets as of 01.01.	30,833
Projected revenue from projected assets	1,205
Employee contributions	1,834
Employer contributions	2,570
Paid pension benefits	-5,559
Fair value of projected assets as of 31.12.	30,883

in th. euros	31.12.2009
Present value of defined benefit obligation	39,849
Fair value of projected assets	30,883
Net obligation	8,966
Pension reserves shown in the balance sheet	8,966

in th. euros	2009
Ongoing work time expenses (for pension entitlements in the reporting period)	2,763
Interest cost (for pension entitlements acquired at an earlier date)	1,120
Projected revenue from projected assets	-1,205
Net pension expenses for benefit commitments	2,678

(18) Other Provisions

in th. euros	31.12.2007	Changes to consolidated companies, Currency conversion	Utilisation	Release	Addition	31.12.2008
Guarantees	1,862	358	1,774	90	2,285	2,641
Legal and consulting costs	372	0	281	16	391	466
Other personnel costs	88	290	30	2	65	411
Investor relations	347	0	215	132	180	180
Closure costs	527	0	229	242	52	108
Others	341	0	223	0	547	665
	3,537	648	2,752	482	3,520	4,471
Other long-term provisions	227	251	78	2	54	452
Other short-term provisions	3,310	397	2,674	480	3,466	4,019

As previously explained in point II "Adjustment of the prior year's figures", the prior year's figures for provisions have been adjusted compared with those originally published: The other provisions for legal and consulting costs of 156 thousand euros and other personnel costs of 782 thousand euros as well as the remaining other provisions of 1,804 thousand euros were reallocated to the Other liabilities item.

The provisions for **guarantees** are formed on the basis of probable utilisation based on company-specific empirical values. The **legal and consulting costs** mainly relate to costs for legal advice. The **other personnel costs** mainly consist of back-payments. The provisions for **investor relations** mainly comprise costs incurred for the Annual General Meeting and annual report. The provisions for **closure costs** mainly comprise rental obligations. The **other provisions** mainly comprise provisions for anticipated losses, archiving and disposal costs.

(19) Financial Liabilities, Interest Swaps and Credit Lines

in th. euros	31.12.2008		31.12.2007	
	short-term	long-term	short-term	long-term
- Sparkasse Schwäbisch Hall-Crailsheim, loan for various acquisitions 2008	857	5,143	0	0
- Deutsche Bank AG, loan for the acquisition of ARP Holding AG	2,728	0	2,452	2,451
- Sparkasse Schwäbisch Hall-Crailsheim, loan for the acquisition of ARP Holding AG	1,344	0	1,208	1,207
- Other long-term loans	114	42	107	51
- Landesbank Baden-Württemberg, two loans for the acquisition of the system house division of Eurodis Schweiz AG	0	0	1,449	0
Loans with an initial term in excess of 1 year	5,043	5,185	5,216	3,709
Other financial liabilities	5,423	0	833	0
Total financial liabilities	10,466	5,185	6,049	3,709

The **loan from Sparkasse Schwäbisch Hall-Crailsheim** in the amount of 6,000 thousand euros has a term until 30 September 2015. It is subject to a variable interest rate (Euribor-3M + 85 base points) and is repaid by way of annual payments of 857 thousand euros in each case due on 30 September. Collateral securities are stated in the negative pledge or in the pari passu clause when furnishing collateral. The risks of the variable interest rate of the loan are eliminated by way of an interest swap. The interest swap with an initial reference amount of 6,000 thousand euros is to be regarded as a cash flow hedge and 100 per cent effective in hedging the interest rate risk. Bechtle pays the fixed interest rate of 4.8 per cent and is provided with the Euribor-3M as a variable interest rate. The date of maturity is set as 30 September 2015. The market value of the interest swap on 31 December 2008 was –369 thousand euros. Taking into account hedging by the interest swap against the interest rate risk, this gives rise to an interest rate for the loan of 5.65 per cent.

The **loan from Deutsche Bank AG** in the amount of 2,728 thousand euros is denominated in Swiss francs (4,060 thousand CHF) and matures on 1 April 2009. It is subject to a variable interest rate (CHF-LIBOR-3M + 100 base points) and is repaid by way of annual payments of 2,728 thousand euros (4,060 thousand CHF) in each case due on 1 April. Collateral securities are stated in the negative pledge or in the pari passu clause when furnishing collateral. The risks of the variable interest rate of the loan are eliminated by way of an interest swap. The interest swap with an initial reference amount of 20,300 thousand CHF is to be regarded as a cash flow hedge and 100 per cent effective in hedging the interest rate 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 date of maturity is set as 1 April 2009. The market value of the interest swap on 31 December 2008 was –5 thousand euros. Taking into account hedging by the interest swap against the interest rate 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 amount of 1,344 thousand euros is denominated in Swiss francs (2,000 thousand CHF) and matures on 1 April 2009. It is subject to a variable interest rate (CHF-LIBOR-6M + 90 base points) and is repaid by way of annual payments of 1,344 thousand euros (2,000 thousand CHF) in each case due on 1 April. Collateral securities are stated in the negative pledge or in the pari passu clause when furnishing collateral. The risks of the variable interest rate of the loan are eliminated by way of an interest swap. The interest swap with an initial reference amount of 10,000 thousand CHF is to be regarded as a cash flow hedge and 100 per cent effective in hedging the interest rate 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 date of maturity is set as 1 April 2009. The market value of the interest swap on 31 December 2008 was 5 thousand euros. Taking into account hedging by the interest swap against the interest rate risk, this gives rise to an interest rate for the loan of 2.39 per cent.

Two **loans from the Landesbank Baden-Württemberg (Baden-Württembergische Bank)** were completely repaid according to schedule on 30 December 2008.

The market value of the interest swaps in the reporting period was –370 thousand euros (prior year: 79 thousand euros) and after taking into account deferred taxes of 98 thousand euros (prior year: –21 thousand euros) is recognised directly in equity capital (retained earnings). There were no ineffective changes in market value to be recognised as affecting the income statement either in the reporting period or in the prior year.

The remaining financial liabilities included a low-interest loan from a manufacturer in the amount of 4,898 thousand euros (prior year: 833 thousand euros) and other overdrafts in the amount of 545 thousand euros (prior year: 0 thousand euros).

The company has at its disposal global **credit lines** of 42,326 thousand euros. On the balance sheet date, 0 thousand euros hereof had been used in cash loans and 2,444 thousand euros in aval-based loans resulting in unused credit lines of 39,882 thousand euros.

In accordance with requirements of IFRS, the financial liabilities are, as in the prior year, assigned in full extent to the category "Loans".

(20) Trade Payables

in th. euros	31.12.2008		31.12.2007	
	short-term	long-term	short-term	long-term
Trade payables	83,250	284	88,267	7

Trade payables measured at 83,528 thousand euros (prior year: 88,148 thousand euros) were allocated to the IFRS 7 category of "Trade payables" and 6 thousand euros (prior year: 126 thousand) to the category "Finance Leasing".

(21) Other Liabilities

The other liabilities consist of the following:

in th. euros	31.12.2008		31.12.2007	
	short-term	long-term	short-term	long-term
Personnel liabilities	21,375	123	15,987	0
Customer liabilities	3,284	0	3,426	0
Annual financial statement costs	653	0	607	0
Customer bonus	606	0	847	0
Rent and ancillary rental costs	392	0	278	0
Unrealised losses from financial derivatives	369	0	0	0
Security deposits	0	350	0	0
Insurance policies	154	0	156	0
Liabilities resulting from acquisition	135	0	2,647	135
Others	2,373	0	2,757	41
Total financial instruments	29,341	473	26,705	176
Turnover tax	7,111	0	8,031	0
Wage and church tax	2,410	0	2,272	0
Social security contributions	1,672	0	903	0
Liabilities from other taxes	229	0	132	0
Total miscellaneous liabilities	11,422	0	11,338	0
Other liabilities	40,763	473	38,043	176

The other liabilities mainly relate to the various administrative and sales costs incurred in the context of normal business activities.

In accordance with IFRS 7 requirements, financial instruments measured at 29,445 thousand euros recognised in other liabilities are allocated to the category "Other financial assets" and 370 thousand euros to the category "Financial derivatives". In the prior year, the financial instruments recognised in other liabilities were allocated in full to the category "Other financial liabilities".

(22) Deferred Income

The deferred income consists of the following:

in th. euros	31.12.2008		31.12.2007	
	short-term	long-term	short-term	long-term
Prepayments received	5,627	0	4,439	0
Deferred income	5,082	4,153	5,030	3,769
Deferral items	10,709	4,153	9,469	3,769

The deferred income mainly consists of deferrals for servicing contracts and extended guarantees.

V. FURTHER EXPLANATORY NOTES ON THE CASH FLOW STATEMENT

The cash flow statement for the 2008 reporting period and the prior year was prepared in accordance with IAS 7 and reports cash flows broken down by cash inflows and cash outflows from operating, investing and financing activities. Cash flow is determined using the indirect method.

As in the prior year, cash and cash equivalents comprise cash on hand, checks and bank balances with a residual term of three months or less and are presented as the balance sheet item "Cash and cash equivalents". The currency translation effects on cash and cash equivalents are shown separately in the calculation.

(23) Cash Flow from Operating Activities

Cash flow from operating activities amounts to 49,941 thousand euros (prior year: 41,993 thousand euros) and is derived indirectly from earnings before tax. The indirect method considers financial results, depreciation, amortisation, other non-cash income and expenses, and changes in key balance sheet items and other net assets.

The other non-cash income and expenses mainly comprise changes to provisions and valuation allowances. In 2008, this also includes a gain of 466 thousand euros from the disposal of the TomTech subsidiary.

Changes to balance sheet items are adjusted for assets and liabilities assumed (delivered) in acquisitions (deconsolidation) and currency translation effects.

(24) Cash Flow from Investing Activities

The net cash flow used in investing activities amounts to 18,074 thousand euros (prior year: 9,500 thousand euros) and mainly comprises outgoing payments for the acquisition of new group enterprises and for investments in intangible assets and property, plant and equipment. These payments are diminished by cash inflows from interest payments and from the sale of property, plant and equipment, consolidated companies, and other assets.

The outgoing payments for the acquisition of new group enterprises comprise payments for the original acquisition and subsequent purchase price adjustments. Cash and cash equivalents acquired with the new group enterprises are deducted from outstanding purchase price payments in this item. An analogous method is used for sales of group enterprises. The amount of acquired liquid assets, purchase prices and further explanatory notes on the acquisition are contained in Item VIII.

The incoming payment from the sale of consolidated companies is netted against the surrendered cash and cash equivalents of the companies sold. The amount of cash and cash equivalents, the purchase price, and other explanations are provided under Item II "Consolidated Companies".

(25) Cash Flow from Financing Activities

The net cash flow used in financing activities is 10,136 thousand euros (prior year: 16,145 thousand euros) and comprises the assumption and repayment of financial liabilities, the distribution of dividends, the purchase of treasury shares and outgoing interest payments.

VI. FURTHER DISCLOSURES ON FINANCIAL INSTRUMENTS AS PER IFRS 7

Information on Financial Instruments by Category

The following tables show financial instrument carrying amounts and fair values for the classes of financial instruments described in IFRS 7:

in th. euros	Valuation category pursuant to IAS 39	Carrying amount according to the Balance Sheet	Amortised costs	Fair value recognised directly in equity	IAS 17	Fair value
31.12.2008						
Classes following IFRS 7						
Assets						
Trade receivables	AKuF	188,768	188,768			188,768
Securities	ZVvFV	338		338		338
Other financial assets	AKuF	18,165	18,165			18,165
Cash and cash equivalents	AKuF	77,300	77,300			77,300
Liabilities						
Loans	FVzFA	15,651	15,651			15,651
Trade payables	FVzFA	83,528	83,528			83,528
Other financial liabilities	FVzFA	29,445	29,445			29,445
Financial derivatives	n/a	369		369		369
Finance leasing	n/a	6			6	6
Thereof aggregated according to valuation category pursuant to IAS 39:						
	AKuF	284,233	284,233	0	0	284,233
	ZVvFV	338	0	338	0	338
	FVzFA	128,624	128,624	0	0	128,624

in th. euros	Valuation category pursuant to IAS 39	Carrying amount according to the Balance Sheet	Amortised costs	Fair value recognised directly in equity	IAS 17	Fair value
31.12.2007						
Classes following IFRS 7						
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
Cash and cash equivalents	AKuF	52,300	52,300			52,300
Financial derivatives	n/a	79		79		79
Liabilities						
Loans	FVzFA	9,758	9,758			9,758
Trade payables	FVzFA	88,148	88,148			88,148
Other financial liabilities	FVzFA	26,881	26,881			26,881
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	124,787	124,787	0	0	124,787

The following abbreviations are used for the IAS 39 measurement categories:

AKuF = Loans and receivables

ZVvFV = Available-for-sale financial assets

FVzFA = Financial liabilities at amortised costs

Differences between the carrying amounts and fair values of the classes are insignificant due to the predominantly short-term nature of the instruments. The fair values of other non-current assets and liabilities are equal to the present values of the associated cash flows, after accounting for the then-current interest rate parameters.

The expenses, income, losses and profits from financial instruments can be classified into the following categories (net earnings):

in th. euros	From interest	From the subsequent valuation			From disposal	Net earnings	
		Currency translation	Valuation allowance	Fair value		2008	2007
Granted loans and receivables	1,969	-91	-292		-392	1,194	84
Financial liabilities at amortised costs	-269	-444				-713	21
Available for sale financial assets			-405	106		-299	-72
Held for trading purposes (only derivatives)					501	501	0
Total	1,700	-535	-697	106	109	683	33

Total interest income from financial assets is as shown above. The total interest cost for financial liabilities (not including interest rate swaps) is 346 thousand euros.

“Currency risk” (next section) contains more details on derivatives held for trading.

Details on Risk Management of Financial Instruments

Currency Risk

Receivables, liabilities, cash and cash equivalents not issued in the companies’ functional (local) currency are subject to currency risks from financial instruments. The Bechtle Group has taken out loans denominated in Swiss francs to finance several business acquisitions. It also holds financial instruments denominated in foreign currency from deliveries to and from subsidiaries in Switzerland and the United Kingdom as well as several dollar-denominated deliveries.

In individual cases, the Bechtle Group makes use of forward exchange contracts and currency swaps for hedging against risks from exchange-rate fluctuations in receivables and liabilities denominated in foreign currency. During the reporting period, the company executed EUR/CHF forward exchange contracts amounting to 7,330 thousand euros, EUR/USD forward contracts amounting to 6,569 US dollars, and EUR/USD currency swaps amounting to 3,963 thousand US dollars. As of the balance sheet date, these forward exchange contracts involved commitments for the sale of 3,811 thousand US dollars, which were carried as effective fair value hedges in accordance with IAS 39. The forward exchange contracts and currency swaps executed in the prior year were insignificant in amount, and there were no outstanding transactions as of the balance sheet date.

The following sensitivity analysis shows how a decrease (or increase) in the euro exchange rate would impact consolidated earnings before tax. It considers how different exchange rates could cause changes to the fair values of the financial assets and liabilities as carried on the balance sheet date. It does not consider exchange-rate-related differences from translating financial statements into the reporting currency.

in th. euros	2008		2007	
Effects of a fall (or upgrading respectively) in the euro by 10% compared with				
CHF	– 306	(+ 306)	– 906	(+ 906)
USD	+ 140	(– 140)	+ 18	(– 18)
GBP	+ 5	(– 5)	– 48	(+ 48)

Changes in the values of interest rate swaps are recognised directly in equity outside profit or loss. The analysis does not show the impact of exchange-rate changes on the value of Swiss-franc-denominated interest rate swaps because the amount in question is negligible.

Fluctuations in the CHF/EUR exchange rate can significantly affect consolidated earnings since a considerable portion of the business is generated in Switzerland. To hedge the EUR/CHF exchange-rate risks of current and future income generated by the subsidiaries in Switzerland, Bechtle AG took out several EUR/CHF forward exchange contracts with various maturities worth a total of 27.3 million Swiss francs without designating or qualifying this hedge for hedge accounting in accordance with IAS 39. The forward exchange contracts thus had to be classified as held for trading (IAS 39.9), measured at fair value and recognised in profit or loss. Since the EUR/CHF exchange rate developed quickly and significantly in a favourable direction, Bechtle AG exited its forward position early, realising a cash gain of 501 thousand euros which is reported under other operating income, and so there were no more derivatives that were not qualified and designated for hedge accounting in the Bechtle Group as of the balance sheet date.

Interest Rate Risk

Interest rate risk is present primarily in the interest income earned by the Bechtle Group on its cash, cash equivalents and current securities.

Interest rate swaps were taken out as cash flow hedges to fully hedge the interest rate risk of the variable-rate loans procured to finance several business acquisitions. Since there is no ineffectiveness from the hedge, changes in interest rates only affect the fair value measurement of the interest rate swaps as recognized directly in equity. The group has a minimal position – and thus an insignificant interest rate risk – in both floating-rate financial instruments which are exposed to cash flow risks from a possible deterioration in interest rates and fixed-income financial instruments which are exposed to fair value risks from interest rate fluctuations.

The sensitivity analysis was conducted for the Bechtle Group’s cash, cash equivalents, and current fixed-income securities as of the balance sheet date, using the relevant interest rates for the relevant currencies (EUR, CHF, GBP, USD). A hypothetical increase or decrease of 100 basis points or one per cent p. a. (assuming constant exchange rates) would have increased or decreased our interest income by 773 thousand euros (prior year: 539 thousand euros).

In the case of the interest rate swaps, a similar increase or decrease in interest rates would have changed the fair values recognised directly in equity by –230 thousand euros or +218 thousand euros (prior year: –54 thousand euros or +54 thousand euros).

Liquidity Risk

Liquidity risk from financial instruments arises from future interest and principal payments for financial liabilities and derivative financial instruments. The following tables show non-discounted payment obligations for the relevant balance sheet items as of the balance sheet date and the prior year's balance sheet date in accordance with IFRS 7.

The cash flows for the loans and interest rate swaps described in Item IV, No. 19 are grouped together as a 100 per cent effective cash flow hedge. The other liabilities also include non-financial liabilities of balance-sheet items to ensure better matching.

in th. euros	Financial liabilities		Trade payables		Other liabilities
	Loans and interest swaps	Other short-term liabilities	Non-interest bearing liabilities	Liabilities from finance leasing	
Carrying amount as of 31.12.2008	10,228	5,423	83,528	6	41,236
Cash flow 2009					
Interest	174				7
Repayment	5,043	5,423	83,266	6	40,763
Cash flow 2010					
Interest	124				7
Repayment	900		198		50
Cash flow 2011					
Interest	102				6
Repayment	857		99		146
Cash flow 2012					
Interest	80				4
Repayment	857				146
Cash flow 2013					
Interest	59				2
Repayment	857				146
Cash flow 2014					
Interest	38				
Repayment	857				
Cash flow 2015					
Interest	16				
Repayment	857				

in th. euros	Financial liabilities		Trade payables		Other liabilities
	Loans and interest swaps	Other short-term liabilities	Non-interest bearing liabilities	Liabilities from finance leasing	
Carrying amount as of 31.12.2007	8,925	833	88,148	126	38,219
Cash flow 2008					
Interest	157			2	
Repayment	5,216	833	88,148	119	38,043
Cash flow 2009					
Interest	92				
Repayment	3,709			7	176

The risk management report contains further disclosures on how the Bechtle Group manages risk and identifies risk concentrations for currency risk, interest rate risk, liquidity risk and other market risks, including its objectives, methods and processes.

VII. SEGMENT INFORMATION

The segment information is, for the first time, being provided in conformity with IFRS 8 Operating Segments. As described in “New accounting pronouncements”, Bechtle applied this standard for the first time ever during the reporting period.

Bechtle AG currently has operations in two segments: “IT system house & managed services” (formerly “IT system house”) and “IT e-commerce”. The two segments differ in terms of their areas of activity and their sales processes for IT products. Their strategic alignment and expansion strategies are also different.

Bechtle’s **IT system house & managed services** segment caters to small and medium-sized businesses, financial service providers and the public sector by handling all their IT infrastructure and application support needs. Its services range from IT strategy consulting and supplying hardware and software to project planning and execution, system integration, maintenance and training to countless IT services, including full-service IT hosting. The Bechtle IT system house segment has over 50 offices distributed throughout Germany, Switzerland and Austria so it can remain close to its customers at all times.

“Managed services” was added to this segment’s name during the reporting period. This was done to clearly and visibly express the growing importance of managed services – i.e. the services involved in outsourcing and outtasking customer IT processes – which are closely tied to the conventional IT system house business. This was a change in name only; the service differentiation and allocation remains the same.

The **IT e-commerce** segment comprises the group's Internet, catalogue, and telesales-based trading activities. Bechtle pursues a multi-brand strategy in this segment. Its *Bechtle direct* brand is represented in ten European countries; its *ARP Datacon* brand operates in five countries; and its *Comsoft* software licensing companies are represented in four countries outside Germany. As a specialised IT reseller with more than 37,000 IT products, Bechtle offers the full range of standard products from about 300 manufacturers. To a limited extent, *ARP Datacon* also offers products under its own label.

Most of the Bechtle Group's offices are in Germany. It maintains foreign offices in Austria, Belgium, France, Ireland, Italy, the Netherlands, Spain, Switzerland, Taiwan and the United Kingdom.

Most of its administration – especially the strategic management of the individual companies – is centralised in Gaildorf and Neckarsulm with Bechtle AG as the group parent with the Executive Board.

The same accounting policies apply to the segment information as to the consolidated financial statements. An aggregation of operating segments has not been presented.

The segment information presented here conforms to the measures that are used in the internal reporting and management system and applied by the group's management to assess performance and allocate resources. It contains all the revenues, expenses, assets and liabilities of the Bechtle Group's central units/functions, as provided or used in the two segments "IT system house & managed services" and "IT e-commerce". The segments' earnings-related key performance indicator (KPI) is operating profit, i.e. earnings before financial income, financial expense and taxes. The KPI does not include financial earnings because Bechtle AG provides most of the financing for the segments, and so Bechtle AG incurs/earns most of the external interest cost/income. For this reason, financial income and expenses are only recognised at the group level and used to determine financial earnings. This is then used to determine earnings before taxes in the Bechtle Group and, after accounting for taxes at the group level, earnings after taxes in the Bechtle Group.

An asymmetric allocation (IFRS 8.27 f) exists in the sense that the segments' reported assets and liabilities comprise interest-bearing assets and liabilities as well as tax assets and liabilities. If the allocation was symmetrical, segment assets and liabilities would be lower and the segments' earnings-related KPI would be broader and also include financial income, finance expenses and taxes.

An insignificant volume of transactions is conducted between the two segments. The transactions are settled at market rates. The transactions along with their revenues, receivables and payables are expressly disclosed below in the interest of completeness and transparency. External revenue consists of revenue generated by the two segments with non-group entities and thus, in its sum, constitutes the consolidated revenue of the Bechtle Group. The same principle applies to the receivables, payables, assets and liabilities of the two segments and, thus, of the Bechtle Group.

The investments, depreciation and amortisation are recognised for intangible assets (including goodwill) and property, plant and equipment.

In the segment report according to regions (domestic or abroad), revenue is assigned to the country where the subsidiary is domiciled. From the subsidiary's point of view, it only generates revenue in its own country. Only external revenue is reported. Assets, liabilities and investments are also assigned to the domestic market (Germany) or abroad depending on the subsidiary's domicile.

in th. euros	2008			2007		
	IT system house & managed services	IT e-commerce	Total Group	IT system house & managed services	IT e-commerce	Total Group
According to Segments						
Total segment revenues	928,216	504,010		887,762	497,945	
minus revenues with another segment	-686	-78		-1,990	-264	
External revenues	927,530	503,932	1,431,462	885,772	497,681	1,383,453
Amortisation/depreciation	9,402	4,508	13,910	9,743	3,758	13,501
Operating profit	38,444	21,785	60,229	33,065	25,188	58,253
Financial result			1,304			753
Earnings before taxes			61,533			59,006
Income taxes			16,105			18,047
Earnings after taxes			45,428			40,959
Investments	12,054	2,018	14,072	8,434	2,851	11,285
Investments by changes to consolidated companies	7,509	0	7,509	4,816	2,881	7,697
Total segment assets	326,971	169,254		296,276	155,789	
minus receivables from another segment	-125	-32		-81	-561	
Assets	326,846	169,222	496,068	296,195	155,228	451,423
Total segment liabilities	122,559	62,217		104,550	71,050	
minus liabilities to another segment	-32	-125		-561	-81	
Liabilities	122,527	62,092	184,619	103,989	70,969	174,958

The IT e-commerce segment's reported operating profit for the reporting period contains the following significant non-cash items: an impairment of 600 thousand euros for the *Artikona* brand and a capital gain of 466 thousand euros from the deconsolidation of TomTech. The other non-cash items in the two segments are restricted to the customary transactions occurring in the ordinary course of business (e.g. changes in trade receivables and trade liabilities).

in th. euros	2008			2007		
	Domestic market	Abroad	Total Group	Domestic market	Abroad	Total Group
According to Regions						
External sales	938,868	492,594	1,431,462	902,367	481,086	1,383,453
Investments	10,988	3,084	14,072	6,794	4,491	11,285
Investments by changes to consolidated companies	4,148	3,361	7,509	1,519	6,178	7,697
Assets	273,040	223,028	496,068	251,590	199,833	451,423
Liabilities	103,296	81,323	184,619	98,821	76,137	174,958

Switzerland accounted for 250,870 thousand euros of the external revenue (prior year: 253,114 thousand euros). The rest is distributed among the remaining countries of Austria, Belgium, France, Ireland, Italy, the Netherlands, Spain, Taiwan and the United Kingdom, each of which contributed less than five per cent of the Bechtle Group's external revenue.

There was no customer who accounted for more than ten per cent of the Bechtle Group's revenue in the reporting period or in the prior year (IFRS 8.34).

Employee numbers, broken down by segment and region, are disclosed in Item X. "Employees" of the notes to the consolidated financial statements.

VIII. ACQUISITIONS AND PURCHASE PRICE ALLOCATIONS

BadenData GmbH, Offenburg (BadenData)

All shares in BadenData GmbH, Offenburg, were acquired at the time of acquisition on 18 March 2008.

The recognition of the company acquisition on the balance sheet occurred using the purchase method (IFRS 3.16 et seq.).

In addition to the appointed assets and liabilities accrued from the acquired company, a customer base (140 thousand euros) was newly identified pursuant to the IFRS 3 in connection with IAS 38. In the course of capitalising the customer base, which is depreciated over five years, deferred tax liabilities were created (41 thousand euros).

With due regard to the total acquired net assets (201 thousand euros), the capital consolidation gave rise to a difference of 100 thousand euros which is recognised as goodwill.

With the acquisition of BadenData (5 employees), the Bechtle Group has further strengthened its presence in IT system house & managed services segment by having its own location in the economically-attractive Ortenau district. BadenData GmbH has meanwhile been renamed Bechtle GmbH.

Since the acquisition and purchase price allocation of BadenData viewed individually is immaterial for the Bechtle Group, it will be shown in the balance sheet at the time of initial consolidation pursuant to IFRS 3.68 summarised with the other individually viewed immaterial acquisitions and their purchase price allocations at the end of this Item VIII.

MADRAS Computer Vertriebsgesellschaft mbH, Vienna, Austria (Madras Computer)

All shares in MADRAS Computer Vertriebsgesellschaft mbH, Vienna, Austria, were acquired at the time of acquisition on 30 August 2008.

The recognition of the company acquisition on the balance sheet occurred using the purchase method (IFRS 3.16 et seq.).

In addition to the appointed assets and liabilities accrued from the acquired company, a customer base (135 thousand euros) was newly identified pursuant to the IFRS 3 in connection with IAS 38. In the course of capitalising the customer base, which is depreciated over five years, deferred tax liabilities were created (34 thousand euros).

With due regard to the total acquired net assets (248 thousand euros), the capital consolidation gave rise to a difference of 38 thousand euros which is recognised as goodwill.

With the acquisition of Madras Computer (12 employees), the Bechtle Group has established a first beachhead in the IT system house & managed services segment in Austria, and thus is continuing to implement its strategic goal of achieving geographical coverage in the region of Germany, Austria and Switzerland.

Since the acquisition and purchase price allocation of Madras Computer viewed individually is immaterial for the Bechtle Group, it will be shown in the balance sheet at the time of initial consolidation pursuant to IFRS 3.68 summarised with the other individually viewed immaterial acquisitions and their purchase price allocations at the end of this Item VIII.

Netzwerk Beratung Informationssysteme Duisburg GmbH, Duisburg (NBI)

All shares in Netzwerk Beratung Informationssysteme Duisburg GmbH, Duisburg, were acquired at the time of acquisition on 9 September 2008.

The recognition of the company acquisition on the balance sheet occurred using the purchase method (IFRS 3.16 et seq.).

In addition to the appointed assets and liabilities accrued from the acquired company, a customer base (570 thousand euros) and customer service contracts (90 thousand euros) were newly identified pursuant to the IFRS 3 in connection with IAS 38. In the course of capitalising the customer base, which is depreciated over five years, and the customer service contracts, which are depreciated over their residual terms, deferred tax liabilities were created (213 thousand euros).

With due regard to the total acquired net assets (1,000 thousand euros), the capital consolidation gave rise to a difference of 6 thousand euros which is recognised as goodwill.

With the acquisition of NBI (10 employees), the Bechtle Group has further strengthened its presence in the IT system house & managed services segment in North Rhine-Westphalia by a company already established in the market with a primary focus in the customer segment comprising public clients.

Since the acquisition and purchase price allocation of NIB viewed individually is immaterial for the Bechtle Group, it will be shown in the balance sheet at the time of initial consolidation pursuant to IFRS 3.68 summarised with the other individually viewed immaterial acquisitions and their purchase price allocations at the end of this Item VIII.

SUPPORT EDV-Handelsgesellschaft mbH, Vienna, Austria (supportEDV)

All shares in SUPPORT EDV Handelsgesellschaft mbH, Vienna, Austria, were acquired at the time of acquisition on 12 September 2008.

The recognition of the company acquisition on the balance sheet occurred using the purchase method (IFRS 3.16 et seq.).

In addition to the appointed assets and liabilities accrued from the acquired company, a customer base (1,300 thousand euros) and customer service contracts (50 thousand euros) were newly identified pursuant to the IFRS 3 in connection with IAS 38. In the course of capitalising the customer base, which is depreciated over five years, and the customer service contracts, which are depreciated over their residual terms, deferred tax liabilities were created (338 thousand euros).

With due regard to the total acquired net assets (1,097 thousand euros), the capital consolidation gave rise to a difference of 1,558 thousand euros which is recognised as goodwill.

With the acquisition of supportEDV (20 employees), the Bechtle Group is now represented in the IT system house & managed services segment with a second renowned and established company in Austria and thus is continuing to implement its goal of full geographic coverage in the entire German-speaking market.

Since the acquisition and purchase price allocation of supportEDV viewed individually is immaterial for the Bechtle Group, it will be shown in the balance sheet at the time of initial consolidation pursuant to IFRS 3.68 summarised with the other individually viewed immaterial acquisitions and their purchase price allocations at the end of this point VIII.

Wrede Systemhaus GmbH, Meschede (Wrede Systemhaus)

All shares in Wrede Systemhaus GmbH, Meschede, were acquired at the time of acquisition on 18 September 2008.

The recognition of the company acquisition on the balance sheet occurred using the purchase method (IFRS 3.16 et seq.).

In addition to the appointed assets and liabilities accrued from the acquired company, a customer base (1,330 thousand euros) was newly identified pursuant to the IFRS 3 in connection with IAS 38. In the course of capitalising the customer base, which is depreciated over five years, deferred tax liabilities were created (407 thousand euros).

With due regard to the total acquired net assets (1,058 thousand euros), the capital consolidation gave rise to a difference of 1,731 thousand euros which is recognised as goodwill.

With the acquisition of Wrede Systemhaus (30 employees), the Bechtle Group has further strengthened its presence in the IT system house & managed services segment in North Rhine-Westphalia by a company already established in the market, whose customers include in particular local medium-sized companies from a wide variety of sectors as well as public clients.

Since the acquisition and purchase price allocation of Wrede Systemhaus viewed individually is immaterial for the Bechtle Group, it will be shown in the balance sheet at the time of initial consolidation pursuant to IFRS 3.68 summarised with the other individually viewed immaterial acquisitions and their purchase price allocations at the end of this Item VIII.

Additional Information Summarised

Since the five acquisitions named above BadenData, Madras Computer, NBI, supportEDV and Wrede Systemhaus viewed individually are immaterial for the Bechtle Group, they will be shown in the balance sheet at the time of initial consolidation and further information is summarised in the following (IFRS 3.68).

In balance sheet terms, the acquisitions at the time of initial consolidation with provisional values appear as follows:

in th. euros	
Non-current assets	
Goodwill	3,433
Other intangible assets	3,624
Property, plant and equipment	452
Other non-current assets	210
	7,719
Current assets	
Inventories	783
Trade receivables	2,266
Other current assets	348
Liquid funds	1,112
	4,509
Total assets	12,228
Non-current liabilities	
Long-term provisions and liabilities	229
Deferred taxes	1,031
	1,260
Current liabilities	
Trade accounts payable	1,103
Liabilities from income taxes	439
Other short-term provisions and liabilities	1,428
Deferred items	961
	3,931
Total liabilities	5,191
Total assets	
– Total liabilities	
= Cost of purchase	7,037

The costs of purchase produced an outflow of cash and cash equivalents in the same amount.

Furthermore, the acquisition agreement for the acquisition of NBI contains an increase in the cost of purchase by up to 500 thousand euros depending on the future contribution margin of the acquired company, which then would be reflected in a higher level of goodwill.

Furthermore, the company purchase contract for the acquisition of supportEDV contains an increase in the cost of purchase by up to 500 thousand euros depending on the future earnings before taxes of the acquired company, which then would be reflected in a higher level of goodwill.

The earnings after taxes of the Bechtle Group disclosed for the reporting period includes earnings for BadenData, Madras Computer, NBI, supportEDV and Wrede Systemhaus totalling 33 thousand euros (IFRS 3.67i).

Information under the Assumption of the Acquisition as of 1 January 2008

Had the companies acquired in the reporting period already been acquired at the beginning of fiscal year 2008, the following selected key figures would have resulted (IFRS 3.70):

Pro forma figures	01.01.–31.12. 2008
Revenues	1,445,894
Earnings after taxes	46,090
Earnings per share in euro	2.1777

IX. INFORMATION ON THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

Executive Board members

Until 31 December 2008

Ralf Klenk, CEO

Place of residence: Heilbronn

Board member responsible for corporate development, business segments (IT system house & managed services, IT e-commerce), public relations, HR and IT

- Chairman of the Supervisory Board
of Bechtle direkt Holding AG, Neckarsulm, Germany
of PP 2000 Business Integration AG, Stuttgart, Germany
- Member of the Supervisory Board
of Volksbank Heilbronn eG, Heilbronn, Germany
of Hochschule Heilbronn, Heilbronn, Germany

Dr. Thomas Olemotz, CFO

Place of residence: Rabenau

Board member responsible for finances, controlling and investor relations

- Member of the Supervisory Board
of Bechtle Systemhaus Holding AG, Neckarsulm, Germany
of Bechtle direkt Holding AG, Neckarsulm, Germany
of PSB AG, Neckarsulm, Germany

Since 1 January 2009

Dr. Thomas Olemotz, Executive Board spokesman

Place of residence: Rabenau

Board member responsible for finance & controlling, corporate communication and investor relations, IT, logistics & service, human resources, and legal

- Chairman of the Supervisory Board
of Bechtle direkt Holding AG, Neckarsulm, Germany
of Bechtle Systemhaus Holding AG, Neckarsulm, Germany
of PP 2000 Business Integration AG, Stuttgart, Germany
- Member of the Supervisory Board
of Bechtle Managed Services AG, Neckarsulm, Germany (formerly: PSB AG)

Michael Guschlbauer

Place of residence: Ludwigsburg

Board member responsible for IT system house & managed services

- Member of the Supervisory Board
of Bechtle Systemhaus Holding AG, Neckarsulm, Germany
of PP 2000 Business Integration AG, Stuttgart, Germany

Jürgen Schäfer

Place of residence: Heilbronn

Board member responsible for IT e-commerce

- Member of the Supervisory Board
of Bechtle direkt Holding AG, Neckarsulm, Germany

Number of Shares in Bechtle AG

	31.12.2008	31.12.2007
Dr. Thomas Olemotz	0	0
Ralf Klenk	182,462	182,462
Michael Guschlbauer	0	0
Jürgen Schäfer	4,000	4,000

Compensation of the Executive Board Members

The total remuneration granted for the activity of the Executive Board of Bechtle AG for fiscal year 2008 amounted to 1,356 thousand euros. The fixed compensation came to 556 thousand euros and the variable compensation to 800 thousand euros.

Based on the resolution of the Annual General Meeting on 20 June 2006, the compensation of the Executive Board members is not presented individually.

Supervisory Board Members and their Compensation

The compensation of the Supervisory Board in the reporting period came to 315 thousand euros. All other information on the Supervisory Board that is to be made on the basis of legal requirements is summarised in Appendix D to these Notes.

Information based on a recommendation of the government commission German Corporate Governance Code is presented in the Management Report in the Corporate Governance Report.

X. OTHER INFORMATION

Operating Leases

Within the context of rental, tenancy and leasing agreements that are to be classified as "Operating leases" in accordance with IAS 17, the Group leases property, plant and equipment. The resulting lease or rental payments are recognised directly as expense in the income statement.

Within the context of non-terminable operating leases in the basic term, Bechtle leased buildings, vehicles, IT commodities and various services. Payments in the amount of 20,044 thousand euros (prior year: 18,998 thousand euros) have been recognised in the expenses within the context of rental and leasing contracts.

The future minimum lease payments from the above-named contracts amount to 85,859 thousand euros as of 31 December 2008 (prior year: 75,641 thousand euros).

Due within one year	17,826
Due between 1 and 5 years	35,748
Due after 5 years	32,285
Total minimum rental payments	85,859

Included in this are 40,151 thousand euros from the lease contract on the central logistics and administration building in Neckarsulm from the year 2002 and the extension from the year 2008/2009. The owner of the building is Fabiana Grundstücksverwaltungsgesellschaft mbH, Munich (Fabiana). Bechtle AG has no direct or indirect stake in Fabiana. After the expiration of the lease contract in the year 2022, Bechtle AG has a buyer's option to the building.

Within the scope of a sale-and-lease-back transaction, the extension will be completed by Bechtle AG as general contractor by 30 June 2009, the binding date of completion, transferred to Fabiana, and subsequently leased back from Fabiana. For the building work, a compensation amounting to the substantiated costs has been agreed with a cap of 6,600 thousand euros. The compensation will be paid on a one-off basis following the flawless final acceptance of the subject matter by Fabiana. As of the balance-sheet date, Fabiana owed Bechtle AG an amount of 3,158 thousand euros from this deal, which is presented under other current assets.

In return, Bechtle appears as the lessor within the context of operating leases. Primarily, this relates to the leasing of IT commodities. As a rule, the term of lease agreements amounts to between 3 and 5 years. The corresponding minimum lease payments from these agreements come to 2,867 thousand euros for the year 2009, 3,724 thousand euros for 2010 to 2013 and thus in total 6,591 thousand euros.

Contingent Liabilities

Pursuant to IAS 37.86, no incidents are known to the company with regard to legal disputes that would have or did have a considerable disadvantageous impact on the revenue, liquidity or financial situation within the last two years.

Employees

The personnel expenses are structured as follows:

in th. euros	2008	2007
Wages and salaries	185,961	173,176
Social security contributions and expenses for pension schemes and support	31,749	30,077
Total personnel expenses	217,710	203,253

The employee numbers in the Bechtle Group break down as follows in total as of the balance sheet date and on an annual average:

	31.12.2008	31.12.2007	2008	2007
Full-time staff	4,056	3,921	3,971	3,805
Apprentices	281	257	246	232
Employees on parental leave or military or national service	68	72	71	66
Assistants	107	114	113	114
Total	4,512	4,364	4,401	4,217

Of the average number of full-time employees listed above, 64 (prior year: 68) are directors or members of the executive boards of subsidiaries.

The employee numbers (excl. auxiliaries) break down by segments and regions as follows:

	31.12.2008	31.12.2007	2008	2007
System house & managed services	3,450	3,303	3,309	3,224
Domestic	2,830	2,680	2,708	2,609
Abroad	620	623	601	615
IT-E-Commerce	955	947	979	879
Domestic	339	356	370	332
Abroad	616	591	609	547

The employee numbers (excl. employees on maternity leave or on military/civilian service and excl. auxiliaries) break down by functional areas as follows:

	31.12.2008	31.12.2007	2008	2007
Service	2,121	2,103	2,070	2,026
Sales	1,353	1,313	1,330	1,280
Administration	863	762	817	731

Auditor's Fee

The following fees were recognised as expense in fiscal year 2008 for services rendered by the auditor of the consolidated financial statements, Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft:

in th. euros	2008
Balance sheet audits	503
Other audit-related confirmation services	52
Other services rendered for Bechtle AG or subsidiaries	28
Auditor's fee	583

The fees for audits include the fees for the consolidated financial statement audit as well as for the audit of the financial statements of Bechtle AG and its domestic subsidiaries.

Related Party Transactions

In accordance with IAS 24, individuals or companies that are influenced by the reporting company or who can exercise influence on the company must be disclosed insofar they have not already been included in the consolidated financial statements as a consolidated company.

In principle, related parties in respect of the Bechtle Group include Executive Board and Supervisory Board members of Bechtle AG and their close relatives.

During the reporting period no transactions were conducted with members of the Executive Board, of the Supervisory Board or with their relatives.

Use of Section 264 (3)/Section 264b HGB

The following companies that are affiliated consolidated companies of Bechtle AG and for which the consolidated financial statements of Bechtle AG represent the exempting consolidated financial statements make full use of the exemption option pursuant to Section 264 (3) and Section 264b HGB:

- Bechtle GmbH & Co. KG, Bielefeld, Germany
- Bechtle GmbH & Co. KG, Bonn, Germany
- Bechtle GmbH & Co. KG, Chemnitz, Germany
- Bechtle GmbH & Co. KG, Darmstadt, Germany
- Bechtle GmbH & Co. KG, Friedrichshafen, Germany
- Bechtle GmbH & Co. KG, Karlsruhe, Germany
- Bechtle GmbH & Co. KG, Krefeld, Germany
- Bechtle GmbH & Co. KG, Mannheim, Germany
- Bechtle GmbH & Co. KG, Münster, Germany
- Bechtle GmbH & Co. KG, Neckarsulm, Germany
- Bechtle direkt GmbH, Neckarsulm, Germany
- Bechtle direkt Holding AG, Neckarsulm, Germany
- Bechtle Field Services GmbH & Co. KG, Neckarsulm, Germany
- Bechtle Logistik & Service GmbH, Neckarsulm, Germany
- Bechtle Remote Services GmbH & Co. KG, Neckarsulm, Germany
- Bechtle Systemhaus Holding AG, Neckarsulm, Germany
- Bechtle ÖA direkt GmbH, Neckarsulm, Germany
- Bechtle GmbH & Co. KG, Oberhausen, Germany
- Bechtle GmbH & Co. KG, Ober-Mörlen, Germany
- Bechtle GmbH & Co. KG, Regensburg, Germany
- Bechtle GmbH & Co. KG, Rottenburg, Germany
- Bechtle GmbH, Würzburg, Germany

XI. EVENTS FOLLOWING THE END OF THE REPORTING PERIOD

Within the context of the share buy-back programme begun in October 2008, Bechtle AG acquired a further 4,403 treasury shares from 1 January to 2 March 2009 at an average purchase price per share of 11.09 euros (total costs including transaction costs: 49 thousand euros). The total number of treasury shares bought back since 9 October 2008 thus comes to 213,903 which are to be valued in the amount of 2,296 thousand euros with open overall costs to be recognised as a reduction in equity.

The establishment of Bechtle direct Portugal, Sociedade Unipessoal Lda, at the beginning of March 2009, brings the number of European countries in which the Bechtle Group is represented with the IT e-commerce segment to eleven. No material impacts on the asset, finance or revenue situation or cash flows of the Bechtle Group are to be expected from this newly founded company for fiscal year 2009.

No other events of particular significance occurred after the reporting period.

Neckarsulm, 2 March 2009
Bechtle AG

The Executive Board

SIGNIFICANT GROUP COMPANIES

as of 31 December 2008 (Appendix A to Notes)

Germany

Company	Headquarters
Bechtle GmbH	Aachen
Bechtle GmbH	Berlin
Bechtle GmbH & Co. KG	Bielefeld
Bechtle GmbH & Co. KG	Bonn
Bechtle GmbH & Co. KG	Chemnitz
Bechtle GmbH & Co. KG	Darmstadt
ARP Datacon GmbH	Dietzenbach
PSB GmbH	Dreieich
Netzwerk Beratung Informationssysteme Duisburg GmbH	Duisburg
Bechtle GmbH	Essen
ITZ Informationstechnologie GmbH	Essen
Bechtle GmbH	Frankfurt
Bechtle GmbH	Freiburg
Bechtle GmbH & Co. KG	Friedrichshafen
Bechtle Finanz- & Marketingservices GmbH	Gaildorf
Bechtle GmbH	Hamburg
Bechtle GmbH	Hannover
Bechtle GmbH & Co. KG	Karlsruhe
Bechtle GmbH	Köln
Bechtle GmbH	Konstanz
Bechtle GmbH & Co. KG	Krefeld
Bechtle IT-Systemhaus GmbH	Krefeld
Bechtle GmbH	Langenzenn
Bechtle GmbH & Co. KG	Mannheim
Wrede Systemhaus GmbH	Meschede
Bechtle GmbH & Co. KG	Münster
Bechtle direkt GmbH	Neckarsulm
Bechtle direkt Holding AG	Neckarsulm
Bechtle GmbH & Co. KG	Neckarsulm
Bechtle Logistik & Service GmbH	Neckarsulm
PSB Aktiengesellschaft für Programmierung und Systemberatung (since 8 January 2009: Bechtle Managed Services AG)	Neckarsulm
Bechtle ÖA direkt GmbH	Neckarsulm
Bechtle Onsite Services GmbH	Neckarsulm
Bechtle Remote Services GmbH & Co. KG	Neckarsulm
Bechtle Softwarelösungen GmbH	Neckarsulm
Bechtle Systemhaus Holding AG	Neckarsulm
Comsoft direkt GmbH	Neckarsulm
Bechtle GmbH & Co. KG	Oberhausen
Bechtle IT-Systemhaus GmbH & Co. KG	Ober-Mörlen
PSB IT-Service GmbH	Ober-Mörlen
Bechtle GmbH	Offenburg
Bechtle GmbH & Co. KG	Regensburg
Bechtle GmbH & Co. KG	Rottenburg
Bechtle GmbH	Schkeuditz
CSB IT Systemhaus GmbH	Schorndorf
Bechtle GmbH	Solingen

Germany

Company	Headquarters
Bechtle GmbH	Stuttgart
PP 2000 Business Integration AG	Stuttgart
Bechtle GmbH	Weimar
Bechtle GmbH	Würzburg

Worldwide

Company	Country	Headquarters
Bechtle direct NV	Belgium	Hamont-Achel
ARP SAS	France	Valbonne-Sophia Antipolis
Bechtle direct s.a.r.l.	France	Molsheim
Comsoft SOS Developers SAS	France	Villiers Sur Marne
Bechtle direct Ltd.	Great Britain	Chippenham-Wiltshire
Bechtle Direct Limited	Ireland	Dublin
Bechtle direkt S.r.l.	Italy	Bolzano
ARP Datacon B.V.	Netherlands	Maastricht
ARP Nederland B.V.	Netherlands	Maastricht
ARP Supplies B.V.	Netherlands	Maastricht
Bechtle Direkt B.V.	Netherlands	Eindhoven
Bechtle Holding B.V.	Netherlands	Eindhoven
Buyitdirect.com N.V.	Netherlands	Hoffddorp
Comsoft direct B.V.	Netherlands	Maastricht
ARP Datacon GmbH	Austria	Wiener Neudorf
Bechtle direkt GmbH	Austria	Linz
Comsoft direct GmbH	Austria	Wiener Neudorf
Madras Computer Vertriebsgesellschaft m.b.H.	Austria	Wien
supportEDV GmbH	Austria	Wien
ARP Datacon AG	Switzerland	Rotkreuz
Bechtle Bern AG	Switzerland	Bern
Bechtle direct AG	Switzerland	Gland
Bechtle Dübendorf AG	Switzerland	Dübendorf
Bechtle Holding Schweiz AG	Switzerland	Rotkreuz
Bechtle Management AG	Switzerland	Rotkreuz
Bechtle Marketing AG	Switzerland	Regensdorf
Bechtle Printing Solutions AG	Switzerland	Regensdorf
Bechtle Regensdorf AG	Switzerland	Regensdorf
Bechtle St. Gallen AG	Switzerland	St. Gallen
Coma Services AG	Switzerland	Bremgarten
Comsoft direct AG	Switzerland	Hünenberg
Gate Informatic AG	Switzerland	Ecublens
Bechtle S.L.	Spain	Madrid
ARP Datacon Ltd.	Taiwan R.O.C.	Taipei

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

from 1 January to 31 December 2008 (Appendix B to Notes)

in th. euros	Cost of purchase						31.12.2008
	01.01.2008	Change in scope of consoli- dation	Other additions	Differ- ences in currency	Disposals*	Transfer- restructure	
I. Goodwill	99,909	3,433	389	2,389	297	0	105,823
II. Other intangible assets							
1. Customer base	22,859	3,475	0	1,267	265	0	27,336
2. Brands	3,187	0	0	292	0	0	3,479
3. Customer service contracts	1,038	140	0	42	0	0	1,220
4. Software							
home-grown software	1,916	0	0	0	0	0	1,916
bought-in software	11,609	9	1,669	354	817	0	12,824
	40,609	3,624	1,669	1,955	1,082	0	46,775
III. Property, plant and equipment							
1. Property and buildings	4,778	0	1,700	0	0	0	6,478
2. Miscellaneous equipment and fixtures	39,901	452	8,761	1,066	6,257	52	43,975
3. Plant and machinery	52	0	0	0	0	-52	0
4. Advance payments and construction in progress	0	0	1,553	0	0	0	1,553
	44,731	452	12,014	1,066	6,257	0	52,006
	185,249	7,509	14,072	5,410	7,636	0	204,604

* Includes disposals from the sale of TomTech amounting to 775 thousand euros in acquisition costs and 314 thousand euros in accumulated depreciation and amortisation.

	Accumulated depreciation and amortisation					Carrying amount		
	01.01.2008	Other additions	Differences in currency	Disposals*	Transfer-restructure	31.12.2008	31.12.2008	31.12.2007
	0	0	0	0	0	0	105,823	99,909
	10,476	3,375	670	142	0	14,379	12,957	12,383
	0	600	0	0	0	600	2,879	3,187
	563	349	22	0	0	934	286	475
	1,816	33	0	0	0	1,849	67	100
	8,540	1,520	188	794	0	9,454	3,370	3,069
	21,395	5,877	880	936	0	27,216	19,559	19,214
	576	116	0	0	0	692	5,786	4,202
	24,565	7,917	647	5,600	27	27,556	16,419	15,336
	27	0	0	0	-27	0	0	25
	0	0	0	0	0	0	1,553	0
	25,168	8,033	647	5,600	0	28,248	23,758	19,563
	46,563	13,910	1,527	6,536	0	55,464	149,140	138,686

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

from 1 January to 31 December 2007 (Appendix C to Notes)

in th. euros	Cost of purchase						31.12.2007
	01.01.2007	Change in scope of consoli- dation	Other additions	Differ- ences in currency	Disposals	Transfer- restructure	
I. Goodwill	97,663	1,892	1,000	-646	0	0	99,909
II. Other intangible assets							
1. Customer base	21,464	2,731	133	-336	1,133	0	22,859
2. Brands	3,266	0	0	-79	0	0	3,187
3. Customer service contracts	1,283	645	0	-7	883	0	1,038
4. Software							
home-grown software	3,717	0	100	0	1,901	0	1,916
bought-in software	10,947	0	1,449	-103	684	0	11,609
	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		
	Stand am	Other additions	Differences in currency	Disposals	Transfer-restructure	31.12.2007	31.12.2007	31.12.2006
	0	0	0	0	0	0	99,909	97,663
	8,541	3,062	-128	999	0	10,476	12,383	12,923
	0	0	0	0	0	0	3,187	3,266
	1,042	405	-1	883	0	563	475	241
	3,673	44	0	1,901	0	1,816	100	44
	7,848	1,307	-10	605	0	8,540	3,069	3,099
	21,104	4,818	-139	4,388	0	21,395	19,214	19,573
	457	119	0	0	0	576	4,202	4,321
	22,325	8,560	-96	6,224	0	24,565	15,336	14,434
	23	4	0	0	0	27	25	29
	22,805	8,683	-96	6,224	0	25,168	19,563	18,784
	43,909	13,501	-235	10,612	0	46,563	138,686	136,020

SUPERVISORY BOARD MEMBERS

(Appendix D to the Notes)

Shareholder Representatives

Name	Member since	Profession	Membership in supervisory boards and other supervisory bodies pursuant to Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG)
Otto Beilharz	20 May 1999 to 17 June 2008	Retired Director	Member of the Supervisory Board – PSB AG für Programmierung und Systemberatung, Neckarsulm (until 30 September 2008) Chairman of the Advisory Board – Karl Schüssler GmbH & Co. KG, Bodelshausen
Kurt Dobitsch	20 May 1999	Businessman	Chairman of the Supervisory Board – United Internet AG, Montabaur – Nemetschek AG, München Member of the Supervisory Board – 1 & 1 Internet AG, Montabaur – PSB AG für Programmierung und Systemberatung, Neckarsulm, (until 30 September 2008) – DocuWare AG, Germering – Graphisoft S.E., Budapest, Hungary Member of the Board of Directors – Hybris AG, Zurich, Switzerland
Dr. Walter Jaeger	17 June 2008	Businessman	Chairman of the Supervisory Board – Wirthwein AG, Creglingen – Würth Finance International B.V., Amsterdam, Netherlands Member of the Supervisory Board – Läpple AG, Heilbronn – Läpple Beteiligungs AG, Heilbronn – Kaufland Stiftung & Co. KG, Neckarsulm – Lidl Stiftung & Co. KG, Neckarsulm Chairman of the Advisory Board – Hohenloher Spezialmöbelwerk Schaffitzel GmbH & Co. KG, Öhringen (since 27 May 2008) – Mosolf GmbH & Co. KG, Kirchheim unter Teck, – Vollert Anlagenbau GmbH & Co. KG, Weinsberg,
Gerhard Schick Chairman of the Supervisory Board	22 March 2004	Businessman	Chairman of the Supervisory Board – Bechtle Systemhaus Holding AG, Neckarsulm, (until 31 Dezember 2008) – PSB AG für Programmierung und Systemberatung, Neckarsulm Chairman of the Board of Directors – Bechtle Holding Schweiz AG, Rotkreuz, Switzerland
Karin Schick	(2 October 2003 – 22 March 2004) 9 August 2004	Clerk	
Klaus Winkler	20 May 1999	Director	Member of the Supervisory Board – IMS Gear GmbH, Donaueschingen Member of the Advisory Board – Dieffenbacher GmbH & Co., Eppingen – Joma-Polytec Kunststofftechnik GmbH, Bodelshausen

Shareholder Representatives

Name	Member since	Profession	Membership in supervisory boards and other supervisory bodies pursuant to Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG)
Dr. Jochen Wolf 2nd Deputy Chairman of the Advisory Board	2 October 2003	Director	Chairman of the Advisory Board – Storsack Holding GmbH, Viernheim Member of the Supervisory Board – Behr GmbH & Co. KG, Stuttgart (since 1 November 2008) – IMS Gear GmbH, Donaueschingen – LTS Lohmann Therapie-Systeme AG, Andernach, – R-Biopharm AG, Darmstadt Member of the Board of Directors – E.G.O. Blanc & Fischergruppe, Oberderdingen, Chairman of the Advisory Board – Joma-Polytec Kunststofftechnik GmbH, Bodelshausen Member of the Advisory Board – Bardusch GmbH + Co. KG, Ettlingen – Vetter Pharma-Fertigung GmbH & Co. KG, Ravensburg

Employee Representatives

Name	Member since	Profession	Membership in supervisory boards and other supervisory bodies pursuant to Section 125 (1) sentence 3 of the German Stock Corporation Act (AktG)
Udo Bettenhausen	18 January 2007	Clerk	
Rüdiger Dibbert	22 June 2007 until 17 June 2008	Executive	
Uli Drautz Stellvertretender Aufsichtsrats- vorsitzender	15 October 2003	Executive	Member of the Supervisory Board – Bechtle direkt Holding AG, Neckarsulm – Bechtle Systemhaus Holding AG, Neckarsulm – PSB AG für Programmierung und Systemberatung, Neckarsulm (since 7 October 2008) – PP 2000 Business Integration AG, Stuttgart (since 1 January 2008)
Daniela Eberle	15 October 2003	Clerk	
Jürgen Ergenzinger	17 June 2008	Union Secretary IG Metall, Administrative office Heilbronn-Neckarsulm	
Sonja Glaser-Reuss	17 June 2008	Kfm. Angestellte	
Barbara Greyer	15 October 2003	Union Secretary ver.di, State District Baden-Württemberg	
Dr. Rudolf Luz	15 October 2003 until 17 June 2008	First Authorised Representative of IG Metall, Heilbronn-Neckar- sulm	Vice-Chairman of the Supervisory Board – Kolbenschmidt Pierburg AG, Neckarsulm Member of the Supervisory Board – Rheinmetall AG, Düsseldorf – Wirtschaftsförderung Raum Heilbronn GmbH, Heilbronn

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 balance sheet, the income statement, the statement of recognized income and expense, the cash flow statement and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1 to December 31, 2008. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB („Handelsgesetzbuch“: „German Commercial Code“) are the responsibility of the parent company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and 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, 5 March 2009

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Strähle	Hieronymus
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(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, 18 March 2009

Bechtle AG

The Executive Board

Dr. Thomas Olemotz

Michael Guschlbauer

Jürgen Schäfer

GLOSSARY

Depreciation and Amortisation Rate

Ratio of depreciation and amortisation to revenue.

Dividend Payout Ratio

Ratio of dividend payouts to Group earnings after taxes and minority interests.

Bank Guarantee

Guarantee that a credit institution assumes on behalf of its client vis-à-vis a third party.

Capital Employed

Annual average of capital tied up for the long term and bearing interest.

Cash Flow

Difference from the inflow and outflow of cash and cash equivalents.

Contribution Margin

Difference between revenue and goods or materials used of a company.

Derivative (derivative financial instrument, financial derivative)

Financial instrument whose measurement depends on the price development of an underlying financial instrument (basic value). Financial derivatives include for example → forward exchange contracts and → interest swaps.

Forward Exchange Contract

Obligation to buy or sell foreign currencies at a date and price determined in advance.

Directors' Dealings

Transactions by Executive Board and Supervisory Board members of joint stock companies and their related parties involving treasury stock.

Discounted Cash Flow Method

Model calculation, in particular for the valuation of an enterprise, in which all future (→ free cash flows) are discounted and added up taking into account variable parameters such as term and rate of cost of capital at the time of the calculation.

D&O Insurance (Directors & Officers insurance)

Economic loss liability insurance that a company concludes for its Executive Board and Supervisory Board. The D&O insurance serves to hedge against injuries to fiduciary duty without intent.

Due Diligence

The systematic review of the financial, legal and economic situation of a company is understood under the term ‚due diligence‘.

Equity Ratio

Ratio of equity to total capital. The higher the equity ratio → the lower the debt ratio of the company.

Return on Equity

Ratio of earnings after taxes to the average annual balance sheet equity. The return on equity shows to what degree the balance-sheet equity of the shareholders yields interest.

Earnings Per Share

Ratio of earnings after taxes and minority interests to the average annual number of shares.

Firewall

Security device in computer technology consisting of software and hardware. Offers protection from unauthorised access, for example from the Internet, and secures data traffic.

Free Cash Flow

Cash flow from operating activities less the balances from payments and deposits for the acquisition or sale of companies, as well as investments and disinvestments in intangible assets and property, plant and equipment.

Fulfilment

Totality of all activities that serve the supplying of the customer after conclusion of the contract. The services hereby range from order entry over picking to dispatching of the goods.

Total Return on Capital Employed

Ratio of earnings after taxes and before financial charges to the average annual total capital employed.

Investment Ratio

Credit rating assessment by a rating agency. Credit rating assessments can be divided into roughly two categories: „Investment grade“ (= sufficiently safe) and „Non investment grade“ (= speculative).

Investment Grade

Credit rating assessment by a rating agency. Credit rating assessments can be divided into roughly two categories: „Investment grade“ (= sufficiently safe) and „Non investment grade“ (= speculative).

Capital Turnover

Ratio of revenue to the average annual total capital (balance-sheet total).

Leverage

Describes the leveraging effect whereby the return on equity is to be increased through
→ an increased use of debt capital.

Market Capitalisation

Market value of a company. The market capitalisation results from the multiplication of the share price and the number of shares issued by a company.

ROCE (Return on Capital Employed)

Ratio of earnings before interest and taxes to → capital employed. The ROCE shows the operating interest yield of the capital of a company used or tied up long term.

Gross Income

→ Contribution margin

Security

Term in IT embracing all security aspects and measures for preventing unauthorised access (→ Firewall). This includes hardware and software solutions that are used for the protection of or for monitoring the IT systems.

Sensitivity Analysis

An examination to determine how a result reacts to changes in underlying base parameters. Through marginal observations, target values or still-permissible values can be determined and risk profiles can be created.

Service Level Agreement

Agreement in which the assured performance characteristics such as response time, scope and speed of processing are set step-by-step.

Software Licensing and Management

Processes that secure the administration as well as the legal and efficient handling of software used in the company.

Squeeze-Out Procedure

Mandatory exclusion of minority shareholders from a joint stock company.

Storage

Storage solutions in IT include networks which serve to link storage resources such as hard-disk systems and so-called tape drives.

TecDAX

The share index TecDAX contains the shares of the 30 largest technology companies quoted in the Prime Standard under the DAX.

Thin Clients

IT term for an end device of a network (such as a PC) whose functional equipment in hardware and software components is nonetheless limited.

Treasury

A department which manages and invests financial resources. This department is also in charge of hedging against financial risks, which today can go far beyond the hedging of interest or exchange rate risks.

Return on Sales

Ratio of earnings after taxes to revenue.

Debt Equity Ratio

Ratio of liabilities to equity.

Virtualisation

Abstraction of physical resources. The individual systems are virtually equipped with their own complete computer with all hardware elements. Software virtualisation can be used to simulate an operating system or an application. This makes it possible to execute applications locally without having them installed.

Working Capital

Inventories plus trade receivables less trade payables, accruals and deferrals as well as prepayments received.

Interest Swap

Agreement between two contracting partners to exchange various interest payment streams with one another. Interest swaps are financial derivatives and are generally used to hedge against interest rate risks (→ derivative).

BUSINESS PROFILE

Bechtle has more than 50 system houses in Germany, Austria and Switzerland and is one of Europe's leading IT e-commerce providers. We rely on a business model that combines system house services with the direct sale of commercial IT products – a unique business model considering the magnitude of the operation.

Since the foundation in 1983, Bechtle has shown continuous growth. Over 56,000 customers from various industry and service branches as well as the public sector trust in our employees' competence and in the strength of the entire Bechtle group.

Over 4,400 employees ensure that the Bechtle success story continues.

IT SYSTEM HOUSE & MANAGED SERVICES

The Bechtle IT system houses provide our clients with strategic IT consultancy and also take care of hardware and software delivery, project planning and implementation, and even the complete operation of IT through Managed Services. Competence Centres with cross-regional availability and training centres in 19 locations complement our services. No other business in Germany or Switzerland can boast of such a strategically well-placed network of locations like ours. This same strategy of regional presence is also our goal for the Austrian market.

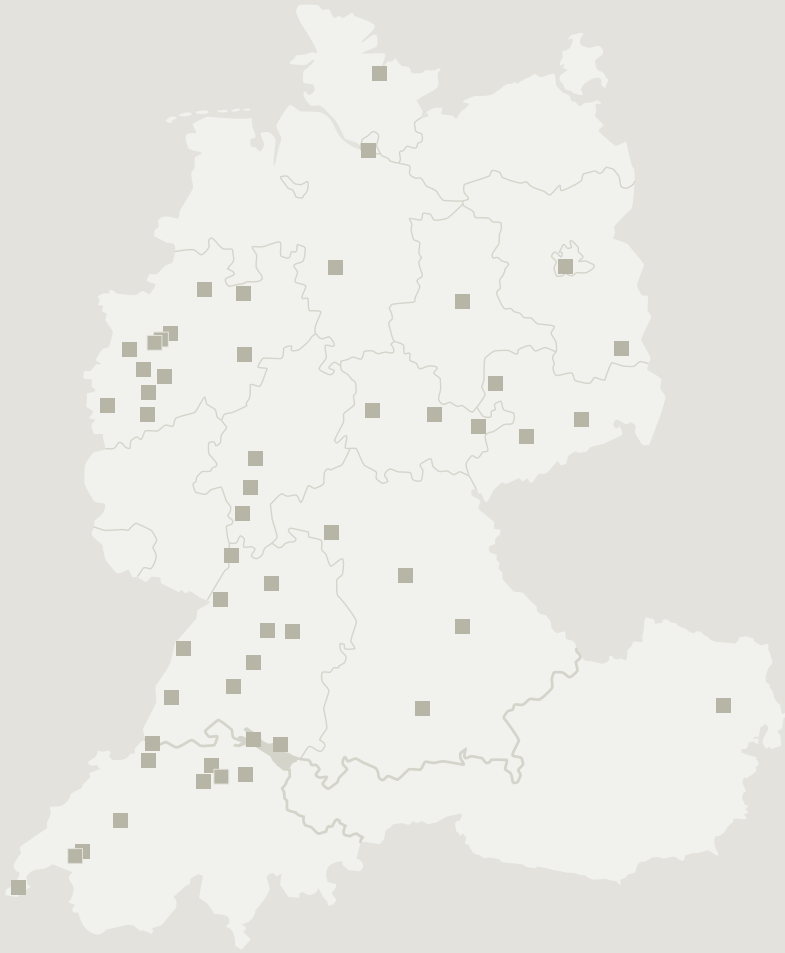
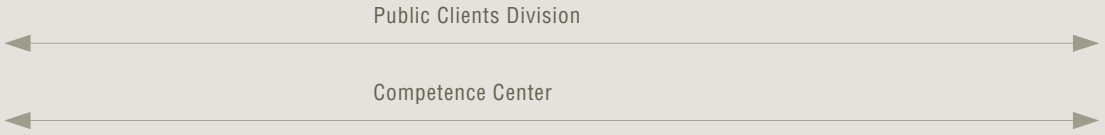
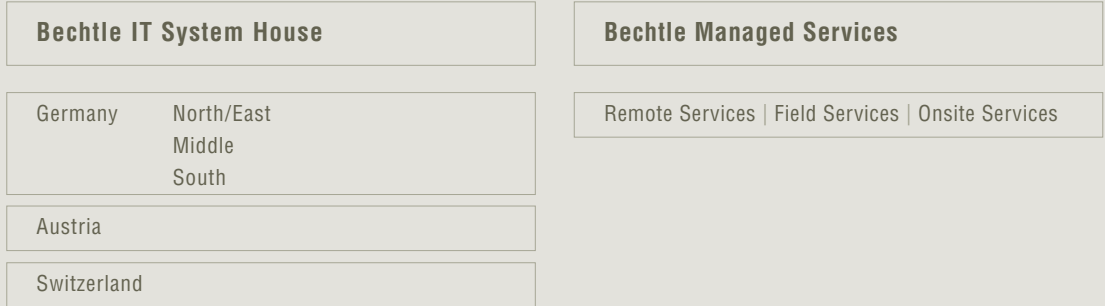
IT E-COMMERCE

In our trade segment, we offer the direct sale of around 37,000 IT products via Internet, catalogue and telephone. In addition, our customers can benefit from a custom online purchasing platform. With *Bechtle direct* and *ARP Datacon* we rely on a consistent multi-brand strategy. Currently we maintain trading companies in eleven European countries. Extremely lean business processes and efficient logistics guarantee profitable growth of our reselling business.

Your strong IT Partner. Today and Tomorrow.

Central services Academy, Controlling, Finance, Information Technology, Investor

IT System House & Managed Services



Logistics & Service Address Management, Direct Marketing, Purchasing, Catalogue

Relations, Personnel, Quality Management, Legal, Corporate Communications

IT E-Commerce

Bechtle direct

- Belgium
- Germany
- Germany Public Clients
- France
- Great Britain
- Ireland
- Italy
- The Netherlands
- Austria
- Portugal
- Switzerland
- Spain

ARP Datacon

- Germany
- France
- The Netherlands
- Austria
- Switzerland

Comsoft direct

- France
- The Netherlands
- Austria
- Switzerland



Production, Warehouse, Product Management, Event Management

Simplified organisational structure according to management criteria (status: March 2009). The legal corporate structure is presented on pages 23 f.

FINANCIAL CALENDAR

Accounts Press Conference

19 March 2009, Stuttgart

DVFA Analysts' Conference

19 March 2009, Frankfurt am Main

Interim Report 1st quarter 2009 (1 January to 31 March)

14 May 2009

Conference Call with analysts, investors and media

Annual General Meeting

16 June 2009, 10.00 a.m.

Harmonie Concert and Congress Centre, Heilbronn

Dividend Payment for the Fiscal year 2008

as of 17 June 2009

(subject to approval by the Annual General Meeting)

Interim Report 2nd quarter 2009 (1 April to 30 June)

11 August 2009

Conference Call with analysts, investors and media

Interim Report 3rd quarter 2009 (1 July to 30 September)

11 November 2009

Conference Call with analysts, investors and media

IMPRINT

Published by

Bechtle AG, Neckarsulm

Editorial and production

Bechtle AG

Investor Relations & Corporate Communications

Layout and illustration

Alessandra Dragna

atelier-2, Ludwigsburg

Photography

Claudia Kempf, Wuppertal

Print

studiodruck Brändle GmbH, Nürtingen-Raidwangen

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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 german version free of charge.

The Annual Report 2008 was published on 19 March 2009.



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