


**BAAN COMPANY N.V. IN LIQUIDATIE
BARNEVELD, THE NETHERLANDS**

**Annual Report for the year ended
August 31, 2008**

Initialed for identification
purposes only
 **ERNST & YOUNG**
Accountants LLP

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REPORT OF THE LIQUIDATOR

Share offering

On May 31, 2000, Invensys Holdings Limited ("Invensys Holdings"), a wholly-owned subsidiary of Invensys plc, announced a public offer in cash for all of the issued share capital of Baan Company N.V. ("the Company"). The price offered per issued share was € 2.85, valuing all of the issued share capital of the Company at € 762 million. The offer document, making the offer for the issued shares, was published on June 14, 2000. As of July 26, 2000, Invensys Holdings had received acceptances from approximately 75% of the Company's shareholders. Invensys Holdings amended its offer for the shares of the Company by reducing the acceptance requirement from 95% of the issued shares to a simple majority and extended the time available to accept the offer to August 29, 2000. At the completion of the public offer, Invensys Holdings had acquired approximately 80% of the issued shares of the Company. Invensys Holdings currently holds approximately 93% of the issued shares of the Company.

Business, assets and liability transaction

At the Extraordinary General Meeting of Shareholders of the Company held on August 18, 2000, shareholders approved the asset purchase agreement ("Asset Purchase Agreement"), dated as of July 26, 2000, effecting the sale and transfer of the whole of the business of the Company, including all of the assets and liabilities of the Company to Invensys Holdings, at a price of € 762 million, which sales price will be adjusted upon liquidation of the Company, such that the Company will be able to distribute to its shareholders € 2.85 per share on liquidation of the Company, equaling the original offer by Invensys Holdings of € 2.85 per share.

This transaction was completed effectively on August 31, 2000. From that date, the Company ceased to be an independent company or to carry on any activities and became and remains a non-trading subsidiary of Invensys Holdings. There have been no trading activities in the Company itself, since September 1, 2000. For the consideration for the sale and transfer of the whole of the business of the Company a loan of € 762 million was concluded with Invensys plc at September 1, 2000. At December 21, 2001 this loan was contributed to the newly incorporated subsidiary BCNV Investment Limited (formerly Baan (Carlisle Place) Limited). The loan ceased to be interest bearing from April 1, 2002. By way of a deed of novation dated March 4, 2004, BCNV Investment Limited's intercompany loan receivable from Invensys plc was transferred by way of a two step process firstly from Invensys plc to Invensys Group Limited and then from Invensys Group Limited to Invensys International Holdings Limited.

It was anticipated at the Extraordinary General Meeting that the Company would be liquidated and a liquidation distribution paid to shareholders in the Company of € 2.85 (gross and without interest) per share. At the Annual General Meeting of Shareholders on November 27, 2001, the proposal of the Management Board to put the Company in liquidation was approved by the shareholders.

On 7 May 2009, the Group agreed to acquire 3.67 million Baan shares from some minority shareholders at €2.60 per share, representing a total consideration of €9.5 million.

The principal activity affecting the liquidation of the Company has been the management in liaison with Invensys Holdings, of the litigation described in the Notes to the Accounts. The liquidator is currently in the process of dealing with the threats of litigation directed against the Company and hopes to resolve these shortly.

The Dutch Corporate Governance Code

The Company does not comply with the Dutch Corporate Governance Code for the following reasons. At the Annual General Meeting of Shareholders on November 27, 2001, it was decided to put the Company in liquidation and this date was well before the Dutch Corporate Governance Code was introduced. The only activities of the Company are directed towards liquidating its residual assets and liabilities. The Company sold and transferred, with the consent of its shareholders meeting, its business operations. The conditions on which the Company sold its business provide for a variable purchase consideration resulting in the Company being able to distribute to its shareholders € 2.85 (gross and without interest) per share, at the time the liquidation is finalized. Therefore the Company considers that compliance with the Dutch Corporate Governance Code would be meaningless in the case of the Company.

Financial position at the end of the year

This annual report relates to the period from September 1, 2007 until August 31, 2008.

As discussed, there have been no trading activities in the Company itself, since September 1, 2000.

Appointment of Invensys Administratie B.V. as liquidator

At the Annual General Meeting of Shareholders on November 27, 2001 (date of approval to put the Company in liquidation), management proposed to replace the Management Board by Invensys Administratie B.V. and to appoint it as liquidator. The shareholders have approved this proposal.

Invensys Administratie B.V., established in Roosendaal, the Netherlands, is an indirect but wholly-owned subsidiary of Invensys plc.

Baan Company N.V. in liquidatie is listed on Euronext Amsterdam. On October 6, 2000, the Company was delisted from NASDAQ.

Barneveld, August 28th, 2009

The Liquidator
For Invensys Administratie B.V.

J.A. Groeneveld

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BALANCE SHEET

(Before proposed appropriation of net income)

A s s e t s

(In thousands)

	<u>August 31, 2008</u>		<u>August 31, 2007</u>	
	€	€	€	€
Financial fixed assets				
Investments		762,000		762,000
Total financial fixed assets		762,000		762,000
Current assets				
Corporation tax		-		-
Total current assets		-		-
Total assets		<u>762,000</u>		<u>762,000</u>

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Liabilities and shareholders' equity

(In thousands)

	<u>August 31, 2008</u>		<u>August 31, 2007</u>	
	€	€	€	€
Shareholders' equity				
Share capital		7,279		7,279
Additional paid-in capital		648,208		648,208
Retained earnings		106,426		106,426
Total shareholders' equity		<u>761,913</u>		<u>761,913</u>
Current liabilities				
Due to affiliated companies		76		87
Accruals		11		-
		<u>87</u>		<u>87</u>
Total liabilities and shareholders' equity		<u><u>762,000</u></u>		<u><u>762,000</u></u>

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INCOME STATEMENT

(In thousands)	September 1, 2007 - August 31, 2008	September 1, 2006 - August 31, 2007
	€	€
Other results	14	109
Finance & administration expenses	(14)	(109)
Loss on ordinary activities before taxation	-	-
Taxation	-	-
Loss on ordinary activities after taxation	-	-

NOTES TO THE FINANCIAL STATEMENTS

Summary of significant accounting policies

Basis of preparation

The financial statements are stated in thousands of euros.

These financial statements have been prepared in accordance with generally accepted accounting principles in the Netherlands (Dutch GAAP). In accordance with the provisions of Article 408 of Title 9, Book 2 of the Netherlands Civil Code, consolidated financial statements are not included in these financial statements. Instead the consolidated financial statements of Invensys plc, the company's ultimate parent company, are filed separately with the Chamber of Commerce. No statement of cashflows is presented as reference is made to the consolidated statement of cashflows included in the Invensys plc consolidated financial statements.

Discontinuity

On November 27, 2001 the Company was put in liquidation. The valuation of assets and liabilities in the underlying financial statements was carefully assessed in light of this discontinuity. No adjustments to the carrying amounts of assets and liabilities were deemed necessary. The equity in the company's subsidiaries has remained unchanged as Invensys Software BV has remained dormant throughout the year, whilst BCNV Investment Limited has not traded and its asset constitutes a non interest bearing Euro denominated receivable (€ 762 million) from a fellow subsidiary company in the Invensys group.

Translation of foreign currencies

Transactions arising in foreign currencies are translated into euros on a monthly basis at the average rates of exchange prevailing during the month of the transaction. At the balance sheet date, assets and liabilities denominated in foreign currencies are translated at the year-end rates of exchange. The resulting net translation gains or losses are included in the income statement.

Balance sheet

Investments

Investments in companies in which the Company has significant influence are accounted for under the equity method.

Current assets

Receivables are stated at nominal value net of allowance for doubtful accounts, when deemed necessary.

Current liabilities

Current liabilities are stated at their face value.

Income statement***Income, costs and expenses***

Income, costs and expenses are allocated to the year to which they relate. Losses are accounted for in the year in which they are identified.

Segment information

As of August 31, 2000, the Company ceased any business activities and, as a result, no segment information is disclosed.

Personnel information**Average number of personnel**

There were no employees on the payroll during the financial year (prior year: nil).

Financial fixed assets

Movement over the financial year was as follows:

(In thousands)	August 31, 2008	August 31, 2007
	€	€
Opening and closing balance	762,000	762,000

At the balance sheet date, the Company had two subsidiaries:

Company	Registered	Holding	Activity
Invensys Software B.V., (formerly Baan Software B.V.)	Barneveld, the Netherlands	100%	dormant company with a net equity value of nil;
BCNV Investment Limited, (formerly Baan (Carlisle Place) Limited)	London, England	100%	Non trading

Shareholders' equity

Movement over the financial year was as follows:

(In thousands)	Share capital	Additional paid-in capital	Retained earnings	Total
	€	€	€	€
Balance at August 31, 2007	7,279	648,208	106,426	761,913
Net result 2008	-	-	-	-
Balance at August 31, 2008	7,279	648,208	106,426	761,913

Share capital

The authorized capital consists of 700 million common shares and 300 million preference shares with a par value of € 0.027 (NLG 0.06) each at both August 31, 2008 and August 31, 2007. The actual number of common shares issued amounts to 267,338,018 at August 31, 2008 and 2007. At August 31, 2008 and August 31, 2007, the par value of issued common shares was € 7.3 million. No preference shares have been issued to date.

Commitments and contingencies

Litigation

The Company and its former subsidiaries were party to legal proceedings from time to time, which included claims in the ordinary course of business by customers, suppliers, other vendors, resellers and former employees. Principal responsibility for such matters that remain pending has been transferred on August 31, 2000 to Invensys as the purchaser of many of the Company's former subsidiaries. Subsequently, on July 18, 2003, Invensys has transferred the responsibility to a third party purchaser of many of these former subsidiaries.

The Company was named as a defendant in three shareholder suits (responsibility for which was not transferred to the purchaser of its former subsidiaries) as described below.

In October of 1998, the Company and some of its then current or former officers and directors were named as defendants in a purported shareholder class action lawsuit entitled Salerno v. Baan Company N.V. et al., which was brought in the United States District Court for the District of Columbia. Six additional purported shareholder class action lawsuits were subsequently brought, each in the same court with substantially similar allegations: that the Company allegedly violated U.S. securities laws by making purportedly false and misleading statements about the Company's operations during the period from around the end of January 1997 through mid-October 1998. The several actions were subsequently consolidated. This

litigation has been settled and the court action withdrawn in September 2003 with no cost being incurred by the Company (costs and expenses of such litigation are met by Invensys Holdings Limited, pursuant to the assumption of liability and indemnity arrangements described below).

On December 22, 2000, a group of about 250 of the Company's Dutch shareholders filed a lawsuit entitled *Ronner, et al. v. Baan, et al.*, in the District Court of Arnhem, the Netherlands ("the Arnhem Proceedings"). Additional plaintiffs subsequently joined the action increasing their number to 460. The plaintiffs claim damages in the amount of approximately € 21.7 million. Additional claims for a total amount of approximately € 13 million have been notified also.

The underlying allegations in the Arnhem proceedings are substantially identical to those in the Salerno class action lawsuit described above. The Company denies any and all liability as no liability under Dutch law for any amounts has been established, nor is it clear how the claimed damages have been calculated. The Company sought a stay of these proceedings pending resolution in the U.S. courts of the factual and U.S. securities laws issues in the Salerno lawsuit. The District Court of Arnhem declined to stay the proceedings, but on appeal, the Arnhem Court of Appeals ordered the proceedings stayed pending the outcome of the Salerno lawsuit. On November 23, 2005, the Arnhem District Court disallowed the claims of the claimants and ordered them to pay the costs of the Company. The decision is not binding on the parties that have notified possible additional claims. If no appeal is filed they may still pursue such claims.

Of the original 460 claimants, 374 claimants filed an appeal against the decision of the Arnhem District Court, claiming a total principal amount excluding damages and costs of EUR 18.5 million. Of the appellants, 139 subsequently withdrew from the appeal proceedings. The remaining 235 appellants divided into two groups with separate legal representation. Consequently there were two separate appeal proceedings before the Arnhem Court of Appeal proceeding on separate tracks. The first group of 207 appellants claimed approximately €10.2 million and filed their grounds of appeal. The second group of 28 appellants, representing a claim of approximately €4.2 million appointed a new counsel to represent them. They subsequently settled their appeal by agreement dated 18/19 December 2006 against the payment of a Settlement Amount of €1,085,000.

On 16 October 2007 the Court of Appeal rejected the appeal of the remaining 207 appellants. They did not subsequently appeal this decision further and the matter has now been finally determined in favour of Invensys.

Apart from the claims that are subject of the pending litigation 978 parties who together allege that they have claims of approximately EUR 13,5 million notified the Company in December 2007 of claims that have the same basis as the claims that were alleged by the plaintiffs in the Arnhem litigation. The notifications served to renew the limitation period under the statute of limitations. The notifications as such do not qualify as initiation of litigation.

In September 1999, the Company and some of its then current or former officers and directors were named as defendants in a lawsuit entitled *Ratliff v. Baan Company N.V. et al.*, which was brought in the United States District Court for the Northern District of Georgia. The complaint asserted purported claims for breach of contract, violation of U.S. securities laws, violation of the Georgia Securities Act, and intentional and negligent misrepresentation, all in connection with the Company's acquisition in September 1998 of CAPS Logistics, Inc. ("CAPS"). This litigation has been settled and the court action withdrawn in August 2004 with no cost being

incurred by the Company (costs and expenses of such litigation are met by Invensys Holdings Limited, pursuant to the assumption of liability and indemnity arrangements described below).

At the date of signing these financial statements, the Company is not involved in litigation. However, as stated, a group of shareholders have notified the Company of their intention to bring claims against the Company. There can be no assurance, therefore, that any litigation which may arise in the future will not have a material adverse effect. However, under the Assets Purchase Agreement, Invensys Holdings has assumed and accepted responsibility for the payment and discharge of the Company's liabilities and undertaken to indemnify the Company in respect thereof. The liquidator remains confident that Invensys Holdings, as supported by the guarantee of Invensys plc, has the resources to fulfill the obligations under this agreement. Consequently, the Company carries no accruals or provisions in its balance sheet as at August 31, 2008 and 2007, respectively.

Income taxes

Analysis of tax credit

(In thousands)	August 31, 2008	August 31, 2007
	€	€
Tax current year	-	-

The applicable tax rate is 20%. The Company heads a fiscal unity with its wholly-owned subsidiary Invensys Software B.V. (formerly Baan Software B.V.) As of August 31, 2000, the latter became dormant.

Under the Asset Purchase Agreement, Invensys Holdings has assumed and accepted direct responsibility for the payment and discharge of the Company's liabilities. The liquidator is confident that Invensys Holdings, as supported by the guarantee of Invensys plc, has the resources to fulfill the obligations under this agreement. Consequently, the Company carried no tax accruals or provisions in its balance sheet related to the Asset Purchase Agreement.

Other results

The extraordinary results relate to the adjustments of the gain on the sale of assets/ liabilities to Invensys Holdings and results from the Asset Purchase Agreement and amounts EUR 14 thousand (prior year EUR 109 thousand). The adjustment is calculated based upon the selling price of EUR 762 million minus the total amount that otherwise would be distributed to shareholders upon liquidation of the Company, such that the Company will be able to distribute to its shareholders EUR 2.85 per share, on liquidation.

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Transactions with related parties

Reference is made to the General note on the transfer of business, assets and liabilities and the note on the amounts due from Invensys plc.

Immediate and ultimate parent companies

As at August 31, 2008, the vast majority of shares in Baan Company N.V. in liquidatie ("the Company") was owned by Invensys Holdings Limited, London, United Kingdom, a wholly-owned subsidiary of Invensys plc, London, United Kingdom, the ultimate parent of the Company.

At the Annual General Meeting of Shareholders on November 27, 2001, the proposal of the Management Board to put the Company in liquidation was approved by the shareholders.

Barneveld, August 31st, 2009

The Liquidator
For Invensys Administratie B.V.

J.A. Groeneveld



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OTHER INFORMATION

Appropriation of net results

Provision as to appropriation of net results

According to Article 25 of the Company's Articles of Association, the Management Board with the approval of the Supervisory Board determines those amounts out of the profits that will be allocated to the Company's reserves. The remaining parts of the profits shall be at the free disposal of the General Meeting of Shareholders.

The holders of preference shares, if issued, would have a right to receive dividend payments on their shares equal to a percentage of the nominal value of said preference shares increased by the possible share premium payments on those shares (calculated in accordance with Article 25 of the Articles of Association) before any dividend can be distributed to the holders of ordinary shares. Any shortfall in dividend payment in previous years will be remedied in the year(s) in which profits allow such remedy.

Proposal of appropriation

The net loss for the year is nil.

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To: BAAN Company N.V. in liquidatie

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2008 of BAAN Company N.V. in liquidatie, Barneveld, which comprise the balance sheet as at 31 August 2008, the profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of BAAN Company N.V. in liquidatie as at 31 August, 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amersfoort, 31 August 2009

Ernst & Young Accountants LLP

signed by S.P.M. Timmerman
Partner