Annual Report 2008 Exact Holding N.V.

Highlights

2008 was clouded by the beginning of a dramatic global crisis in the financial markets, substantially impacting the economy and leading to incomparable uncertainties in the business environment.

Exact has prepared early for and reacted swiftly to the downturn in the economic climate and aligned the company's cost structure to the current market conditions. In addition, our business model is relatively resilient to challenging economic times, as reflected in a high percentage of recurring revenue. Based on the combination of timely action and diligent execution of cost-saving measures with an early shift of focus to additional business from existing customers, we were able to exceed last year's EBITDA and to keep our cash flow at a comparable and very high level.

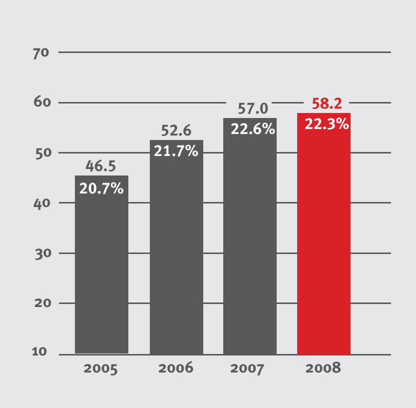
Raj Patel, CEO Exact Holding N.V.

Financial Highlights

- Total revenue at constant currencies grew by 5.3% to € 265.4 million
- EBITDA increased to € 58.2 million, representing an EBITDA margin of 22.3%
- Operating cash flow remained high at € 47.1 million
- EPS amounted to € 1.54 compared to € 1.59 in 2007
- The proposed final dividend payout is € 0.87 per share, amounting to a total dividend for 2008 of € 1.56, representing a 100% payout of net income
- By paying € 36.5 million as a final dividend for 2007 and interim dividend for 2008 and € 25.1 million for the share buy-back program, Exact returned a total of € 61.6 million to shareholders in 2008

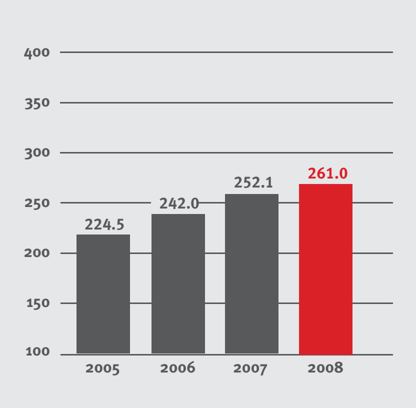
	2008	2007
Total revenue	**€ 261.0 mln**	€ 252.1 mln
EBITDA	**€58.2 mln**	€57.0 mln
EBITDA margin	**22.3%**	22.6%
Net Income	**€ 36.8 mln**	€ 39.1 mln
EPS	**€ 1.54**	€ 1.59

KEY PERFORMANCE INDICATORS 2005-2008



EBITDA
(in millions of euros)

Total Revenue
(in millions of euros)



Key Figures

(in thousands of euros)	2008	CHANGE	2007	2006	2005	2004
Revenues						
Licenses	**74,257**	(4.1%)	77,399	71,351	66,347	65,035
Maintenance	**129,630**	3.5%	125,213	123,780	119,772	117,782
Services	**57,086**	15.3%	49,497	46,934	38,409	29,577
Total Revenue	**260,973**	3.5%	252,109	242,065	224,528	212,394
EBITDA	**58,203**	2.0%	57,036	52,583	46,500	56,697
Operating income (EBIT)	**49,373**	(0.8%)	49,792	45,909	40,788	50,265
Net income	**36,825**	(5.8%)	39,112	34,390	32,010	39,579
Operating cash flow	**47,127**	(3.1%)	48,627	41,616	32,456	42,120
Employees (FTE)						
Average number of employees	**2,569**	1.5%	2,609	2,630	2,650	2,153
Number of employees at year end	**2,417**	(9.9%)	2,682	2,591	2,698	2,318
Balance sheet facts						
Total assets	**238,561**	(13.3%)	275,024	280,648	276,123	238,538
Short term investments, cash and cash equivalents	**44,744**	(35.2%)	69,031	127,813	117,585	130,109
Total equity	**139,383**	(15.9%)	165,643	184,703	178,578	158,568
Net working capital (including cash)	**18,150**	(57.0%)	42,212	105,893	93,792	105,785
Ratios (%)						
EBITDA margin	**22.3%**	(0.3 pts.)	22.6%	21.7%	20.7%	26.7%
EBIT margin	**18.9%**	(0.9 pts.)	19.8%	19.0%	18.2%	23.7%
Net income margin	**14.1%**	(1.4 pts.)	15.5%	14.2%	14.3%	18.7%
Current ratio (including cash)	**1.2**	(18.5%)	1.5	2.3	2.2	2.5
Return on equity	**24.2%**	2.1 pts.	22.1%	19.0%	19.1%	27.0%
figures per share						
Average number of shares outstanding (in thousands)						
Basic	**23,618**	(1.7%)	24,032	24,032	23,867	23,663
Diluted	**23,618**	(1.7%)	24,032	24,035	23,870	23,668
Earnings per share in (in euros)						
Basic	**1.54**	(3.1%)	1.59	1.42	1.34	1.68
Diluted	**1.54**	(3.1%)	1.59	1.42	1.34	1.68
Share price at year end	**€ 13.18**	(46.8%)	€ 24.77	€ 24.48	€ 23.82	€ 21.95
Dividend per share	**€ 1.56**	(1.9%)	€ 1.59	€ 1.42	€ 1.00	€ 1.00
Dividend return (based on year-end share price)	**11.8%**	5.3 pts.	6.4%	5.8%	4.2%	4.6%

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In 1984, a group of entrepreneurs began with simple bookkeeping software in a room above a garage.

Today, while remaining entrepreneurial-driven, we continue to provide integrated information technology to entrepreneurs across the globe.

Working with Exact solutions since day 1.

Letter from the CEO

Dear customers, shareholders, colleagues and partners,

Entrepreneurship has been at the heart of our organization since our humble beginnings exactly twenty-five years ago, and remains today a trait firmly embedded in the DNA of Exact Software. In 1984 a group of ambitious yet pragmatic individuals set out on a journey— a journey that was intended to make a difference for small to medium-sized businesses across the globe. Ever since this journey started, entrepreneurship has been the thread weaving together who we are, what we do, how we do things and whom we serve. And because of the entrepreneurial DNA in our organization, we continue to manage and steer through economic cycles, changing technology waves and the evolving needs of our customers.

Our entrepreneurial spirit is visible in all aspects of our business: how we develop new products and solutions, interact and engage with our customers and partners, collaborate with each other and, above all, how we run our business globally. Twenty-five years later we are an international organization, spreading across four major continents, with operations in over forty countries and serving over 100,000 customers. As entrepreneurs serving entrepreneurs we speak the language of our customers.

As entrepreneurs we always seek to protect the downside and manage the opportunities. This is very evident in the results for 2008. In a year dominated by the economic downturn, we acted at an early stage. We took decisive measures by aligning our cost structure to the current economic conditions, and this has protected our margins. After implementing these measures we swiftly shifted focus to seeking opportunities within our large and loyal customer base, by creating solutions and offerings to help them manage and weather these challenging conditions. These measures and actions ensured a solid set of financial results for 2008 with increasing profits, higher cash flows and a proposed total dividend of €1.56.

As we move in to 2009, amidst continued challenging economic conditions, I am confident that our organization is aligned to the current climate, while not affecting our abilities in a potential rebound. We have sufficient flexibility in the event conditions continue to worsen, and we have the ability to weather them. My pledge to you is that we will continue to execute diligently, remain vigilant and cost prudent. We will continue to make wise investments in preparation for a rebound while managing the downside by protecting our cash flow and profitability.

Over the last twenty-five years, Exact has managed various economic cycles, experienced multiple technology waves and evolved from a six-employee organization to a global public enterprise. Through each of these phases, change has been a constant factor. This has been possible because, alongside entrepreneurship, change is firmly embedded in our culture. It is something we embrace and manage. With a consistent and proven track record of continued profitable growth and strong cash flows, we have returned over €160 million to our shareholders since 2005, while investing in our future products, technology, employees, management and partners. I am confident we will continue to go from strong to stronger, managing economic cycles based on our solid entrepreneurial foundation.

The entrepreneurial spirit in our organization and ecosystem is driven and carried out by our loyal and committed employees, as well as our partners across the globe. On behalf of the management team, I thank them as well as our works council and Supervisory Board for their continued support, positive contribution and passion for Exact Software. I also thank our customers for their continued trust and loyalty. This collaborative support enables Exact Software to continue to deliver profitable growth.

Yours truly,
Raj Patel

Delft, April 7, 2009

2. Company Profile

2.1 About Exact Software
2.2 Company Values
2.3 Market Space and Customer Characteristics
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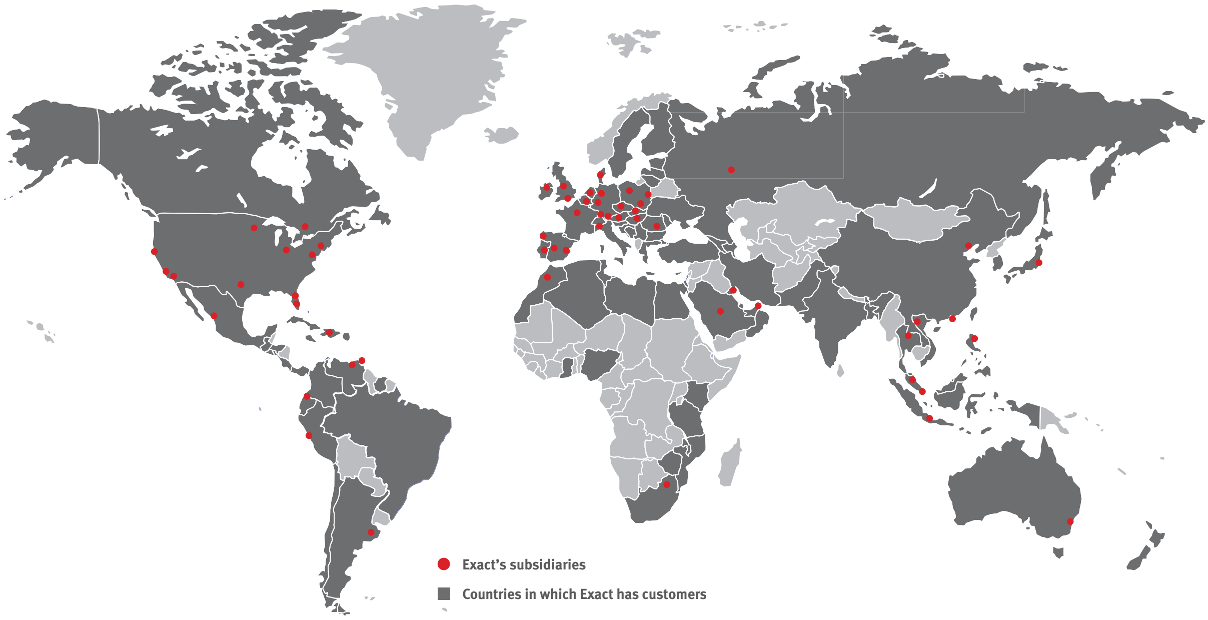
2. Company Profile

2.1 About Exact Software

Established in 1984, Exact Software is one of the world's leading providers of business software solutions. Its integrated solutions comprise traditional enterprise resource planning (ERP) as well as related software solutions, such as human resource management (HRM), customer relationship management (CRM), corporate performance management (CPM), project management and electronic workflow.

Exact is headquartered in Delft, the Netherlands, and has offices in Europe, the Middle East, North, Central and South America, Asia, Australia and Africa. With around 2,500 employees, subsidiaries in more than 40 countries, and solutions available in 40 languages, Exact currently serves customers in more than 125 countries.

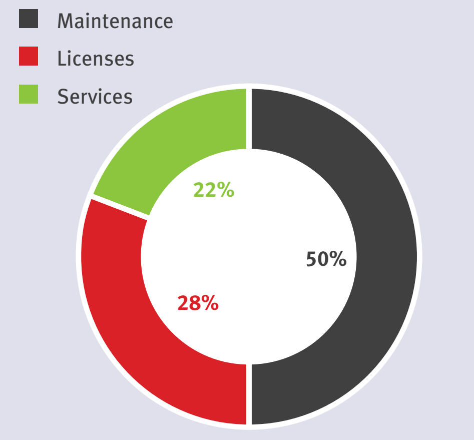
Exact Holding N.V. has been listed on Euronext Amsterdam since June 1999.



Exact's business model is based on providing customers with software licenses and related services leading to the following revenue streams:

Software licenses	Revenue generated from perpetual license fees generated in initial software sales and for subsequently sold add-ons
Services	Revenue generated from consulting, implementation, project management and training services typically charged on a time and material basis
Maintenance	Revenue generated as annual recurring fees based on maintenance contracts covering customer support and product maintenance, including updates of existing installed products

Revenue 2008 by category



2.2 Company Values

Exact believes a strong corporate culture is important, not only as a foundation for sustainable business success, but also as a way to create and maintain an attractive working environment for its employees.

A common set of values is the foundation for the company's unique culture and forms the guiding principles for the way Exact manages its business. They are the basis for what stakeholders can expect from Exact in terms of culture and behavior, and also what its employees – independently of rank and function – can expect from one another.

Our values are an integral part of who we are; not just at work, but also in life. They are our common values, whether we share them as an international professional team or at home during the weekend.

These values are not something we introduced within the company. They were always there, in each employee. Instead, we simply defined the strongest common values that made up our team: respect, commitment, courage, passion, integrity, honesty, trust, and fun.

After conducting an internal employee engagement survey in January 2009, we found that 91% of employees felt that Exact's management lives, breathes and executes business decisions in line with the shared values which we have defined. This only confirms what we already know: the faith we have in our shared values enriches us as a company. Respect, commitment, courage, passion, integrity, honesty, trust, and fun are the values that guide all employees in our work and that encourage us to always strive for excellence.

Exact's values stem from its roots in entrepreneurship. From day one, we have taken a hands-on approach that has made us agile and flexible. We share this entrepreneurial trait with the small to mid-sized customers we serve, enabling us to truly understand what our customers need.

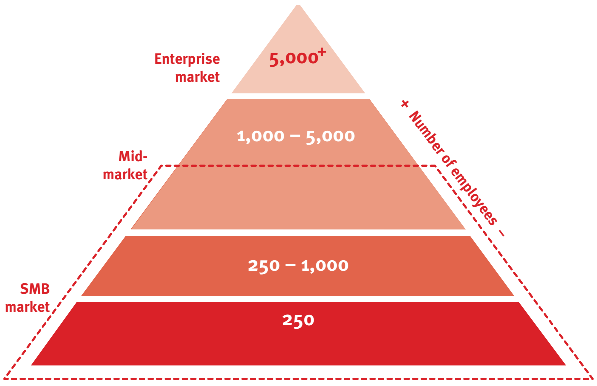
Along with an entrepreneurial spirit, every Exact employee has a feeling of ownership. We are all responsible for the experience we give our customers. Our values help us to constantly reiterate this sense of ownership. With this we are always ready to execute our strategy, which in turn ensures a great experience for all of Exact's stakeholders.

91% of the employees felt that Exact's management lives, breathes and executes in line with the company values.

2.3 *Market Space and Customer Characteristics*

Exact is focused on delivering business software solutions to the SMB market, which comprises small to medium-sized businesses.

Including the lower end of the traditional mid-market, Exact's core target market is organizations with up to 2,500 employees. This includes traditional small to medium-sized businesses and small to medium-sized subsidiaries of larger international companies.



Exact defines the enterprise software application market as encompassing both traditional ERP and related software solutions such as human resource management (HRM), customer relationship management (CRM), project management, electronic workflow and business analytics.

Traditionally, the enterprise software application market has been dominated by the demand of large companies and limited attention has been paid to the SMB segment. The higher end of the enterprise software market space has reached a high level of saturation and is expected to offer limited growth opportunities in the coming years.

In combination with increased demand from companies with up to 1,000 employees, the SMB segment is expected to be the fastest growing segment in the enterprise software application market.

Exact therefore operates in the most attractive segment of the enterprise software application market in terms of market demand and growth opportunities.

Customers within Exact's target market have specific requirements and purchasing characteristics that are substantially different from those in the high-end market and that also require a different market approach and infrastructure.

SMBs have unique requirements and IT purchasing characteristics:

- Limited in-house IT resources
- Preference for a single software vendor relationship
- Rapid time to value required
- Comprehensive support requirements

SMB customers seek long-term relationships with vendors that can support current and future IT requirements; vendor reputation and stability are key.

SMBs face a range of competitive pressures that drive their IT purchasing:

- Increasing global competition
- Credible IT presence required
- Need for collaboration and agility is critical
- Generational shifts

While traditional back office automation has largely been addressed, SMBs are increasing their focus on front office solutions in order to react to new competitive factors.

Historically, vendors focused on automating administrative processes based on traditional ERP solutions. Today, most small to medium-sized companies address simple back office automation with traditional ERP software. Therefore, additional investments mainly focus on extensions and enhancements to better leverage existing investments.

New investments are, to a large extent, focused on advanced front office software tools in order to better support value creation and delivery processes within their organizations.

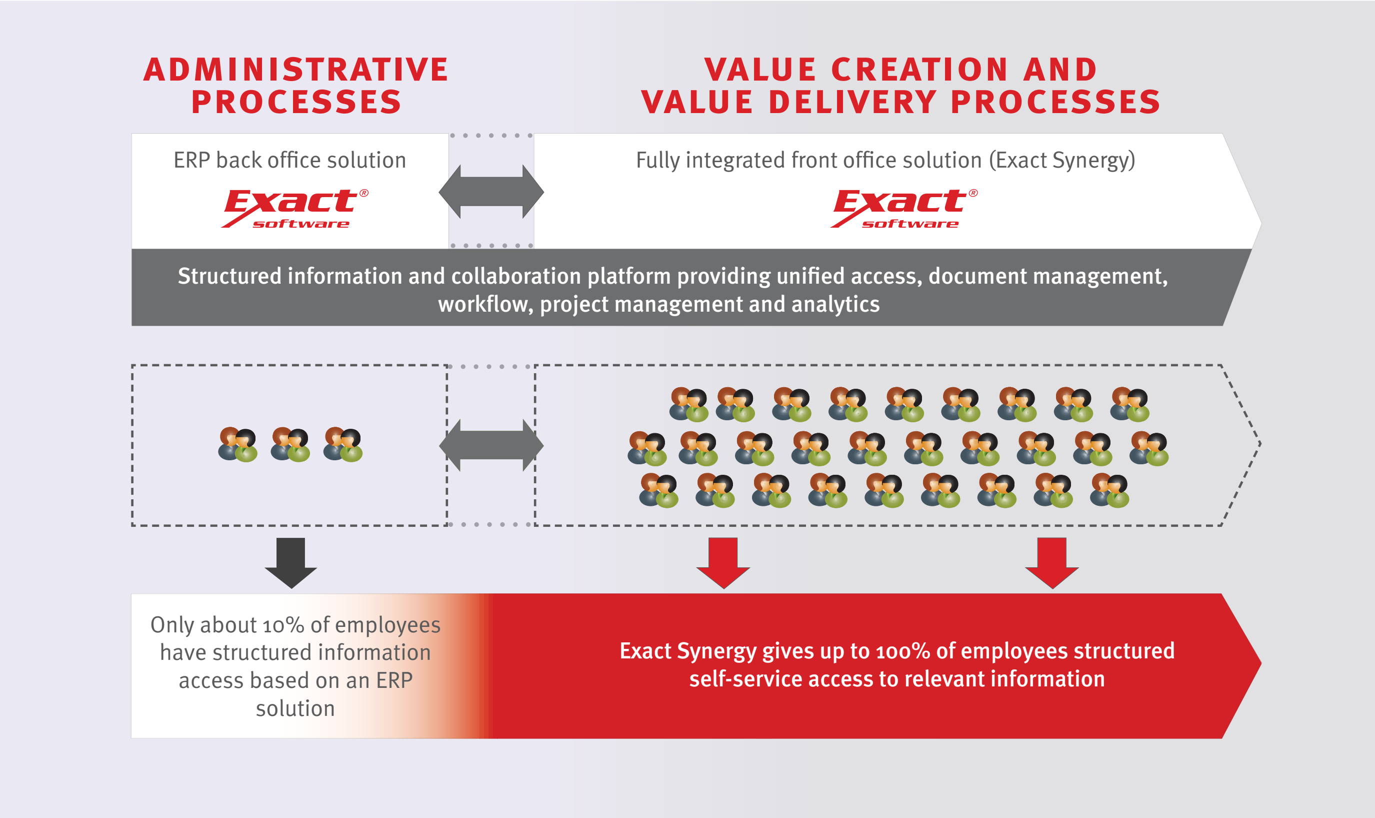
Cordaid's history in providing direct aid in the event of disasters, in medical care and in the direct improvement of the social and economic position of poor people, goes back to the beginning of the last century. The current organization was formed in 1999 by the merger of three Catholic groups.

Because Cordaid understands that entrepreneurship is born in all types of economic climates through the support of emerging microfinance institutions, it aims at empowering people to become independent and tackle poverty.

Working with Exact solutions since 2008.

2.4 *Mission and Value Drivers*

Exact's mission is to provide fully integrated business solutions to small to medium-sized companies, which give all employees and stakeholders real-time access to relevant information. Increased access to information and the integration of business processes throughout the company and across the value chain enable our customers to not only automate administrative processes but to facilitate value creation and value delivery processes.



Based on the combination of Exact's ERP back office solutions and its fully integrated front office solution, Exact Synergy, up to 100% of employees and even external stakeholders get structured and controlled self-service access to relevant information.

- Centrally stored information — independent of department, individual, or process — empowers individuals to leverage key information throughout and beyond the organization.
- Improved quality of information enables a faster and better decision-making process.
- More efficient communication and collaboration leads to reduced overhead costs and the increased efficiency of teams.

Based on its integrated solution framework for SMB customers, Exact drives customer value beyond the automation of business administration and delivers real business empowerment:

- A strong focus on value creation and value delivery enables companies to be more competitive and provides full control of back and front office processes.
- The integration of all resources and business processes creates a seamless and more efficient business flow.
- Integrating key external relationships (customers, vendors, suppliers) in the customer's enterprise information system facilitates SMBs as members of their business community.

2.5 Strategy

Based on its strong heritage in the traditional ERP market and the attractive market opportunities in the SMB segment, Exact realigned its strategy in 2005 and defined a three-point strategic growth program: **protect, grow and acquire**.

Exact's strategy is designed to maximize the value of its current operational strengths and leverage its assets to drive further organic and acquisition-based growth opportunities.

Since the beginning of 2006, Exact has been executing its strategic plan to drive continued growth — organically and through acquisitions — and profitability for the coming years.

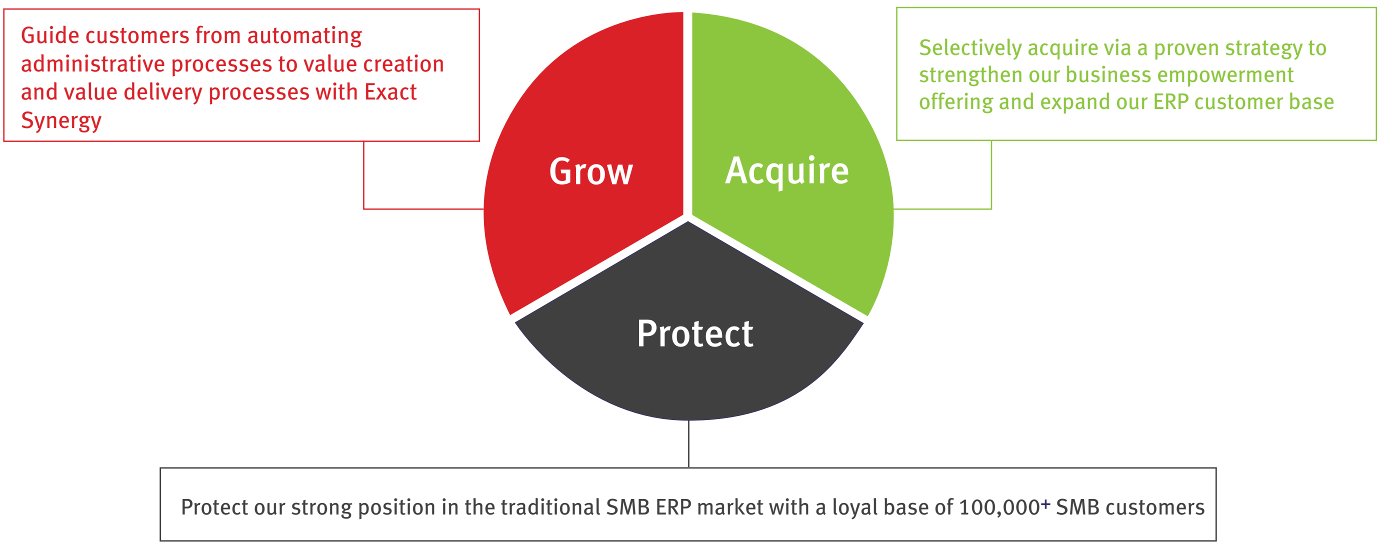
TRADITIONAL ERP BUSINESS ("PROTECT')

Today, most small and medium-sized companies address simple back office automation with traditional ERP software, and are increasing their focus on advanced front office software tools in order to better support value creation and delivery processes within the organization.

Therefore, additional investments mainly focus on extensions and enhancements to better leverage existing investments. New investments are, to a large extent, replacements. This trend is reflected in low single-digit growth of the traditional global ERP market.

As a result, Exact's core focus is to protect its leading position in the traditional ERP market. This is key for the company's strong cash generating capacity, and the foundation for strong growth in solution areas beyond traditional ERP. Balanced investments in Exact Globe and Exact's local ERP product offerings ensure that license revenue generation remains high, and continuous product improvements further improve customer satisfaction and extend the life cycle of the customer's investment.

Our continued focus on customer intimacy and high service levels have resulted in a further increase of both customer satisfaction and renewal rates for maintenance contracts.



PARENTING STRATEGY

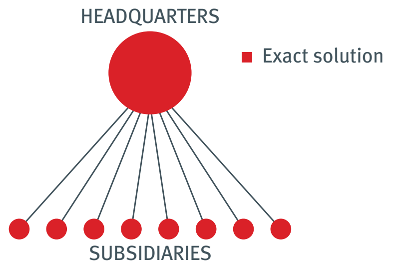
Exact's unique 'parenting strategy' successfully focuses on a very attractive niche of the ERP market. Small and medium-sized subsidiaries of international companies have similar requirements to traditional SMBs and can be targeted worldwide based on Exact's unique global distribution and service infrastructure in 40 countries.

- One standard product globally available in more than 40 languages and legislations
- Full suite ERP solution designed for small to medium-sized organizations
- Supported by a network of self-owned subsidiaries in 40 countries
- Service infrastructure optimized for, and committed to, international companies

Two target market segments are successfully served based on a unique set of propositions:

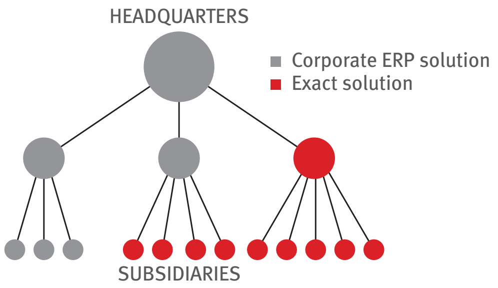
Small to medium-sized internationals

Exact enables small to medium-sized international organizations to deploy a single-tier ERP solution across all affiliates, creating enterprise-wide integration and real-time information.



Large multinationals

Exact supports large multinationals in establishing a second-tier ERP solution for small to medium-sized subsidiaries — as a completion of their first-tier ERP solution (e.g. SAP or Oracle) — for larger and more complex operations.



ORGANIC GROWTH DRIVER EXACT SYNERGY ("GROW")

Historically, vendors focused on automating administrative processes, resulting in most small and medium-sized companies having addressed simple back office automation with traditional ERP software. In order to better support value creation and delivery processes within the organization, SMBs are now increasing their focus on advanced front office software tools.

Exact Synergy is a fully integrated, browser-based front office solution that works in conjunction with traditional ERP applications and enables customers to not only automate administrative processes, but facilitate value creation and value delivery processes.

- It offers a platform for online communication and collaboration through which it facilitates information sharing among all resources in and around an organization.
- It focuses on automating value creation and delivery processes and covers solution areas such as HRM and CRM as well as document, workflow and project management.
- Based on the combination of Exact's ERP back office solutions and its fully integrated front office solution, Exact Synergy, up to 100% of employees and even external stakeholders get structured and controlled self-service access to relevant information.

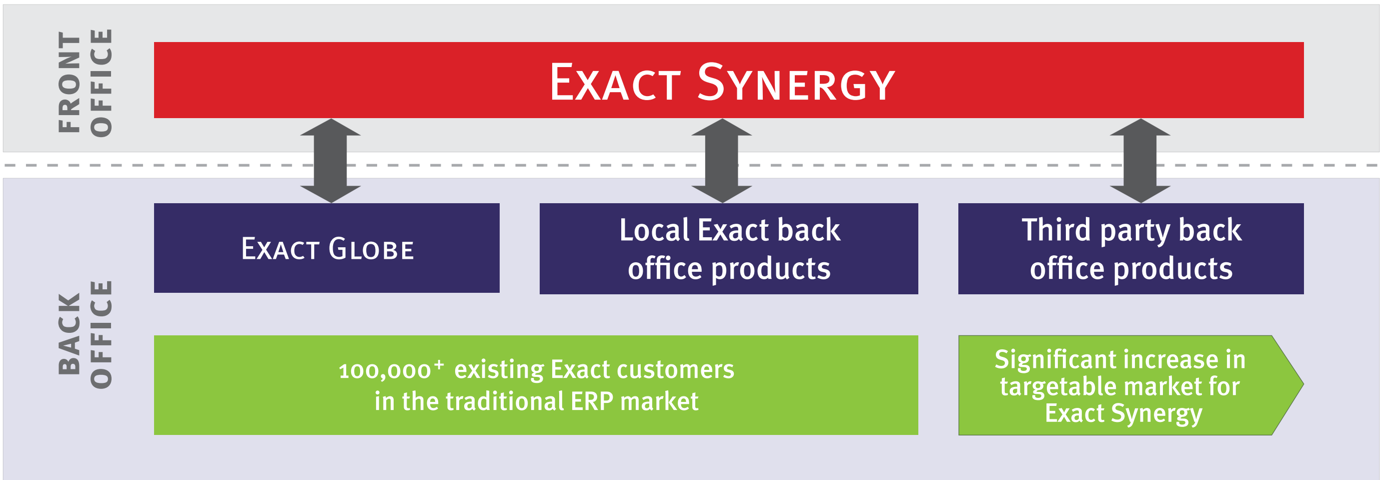
Based on its strong market position and customer base in the SMB ERP market, Exact's major organic growth driver is its integrated front office solution, Exact Synergy.

- Based on the seamless integration between Exact Globe and Exact Synergy, existing Exact Globe customers can quickly expand their solution into value creation and value delivery processes.
- The integration of local Exact back office products with Exact Synergy provides existing customers with additional value and further reinforces customer retention.
- Industry-specific templates in the main solutions areas CRM, HRM and business process management attract new stand-alone customers.
- A strong focus on improving connectivity capabilities based on the latest Microsoft .NET platform allows an increased focus on selling Exact Synergy on top of third-party ERP products. This results in a significantly larger target market for Exact Synergy.

In 1998, Raymond Cloosterman, initiator and founder of Rituals Cosmetics, was captured by the idea of a completely new approach to the products he had worked with in the past – turning everyday home and body care into something special.

Although it has grown to be known internationally, Rituals still believes that happiness can be found in the smallest of things: it begins with feeling good about yourself and savoring the intensity of ordinary things.

Working with Exact solutions since 2003.



ACQUISITIONS ("ACQUIRE")

To facilitate its 'business empowerment' strategy, Exact has defined a clear acquisition strategy to strengthen its business empowerment offering and further expand its ERP customer base with the following three types of acquisition targets:

TECHNOLOGY ACQUISTIONS

The main focus of technology acquisitions is to deepen or extend the functionalities of Exact Synergy to further increase the competitiveness of Exact's business empowerment software. As a make or buy decision, these acquisitions must provide significant advantages in terms of cost effectiveness and time to market compared to own development.

BUSINESS PARTNER ACQUISITIONS

The acquisition of existing business partners in selected markets supports customer retention and accelerates organic growth via additional sales and services resources and capabilities. At the same time such acquisitions are used to strengthen Exact's distribution footprint in a specific country or region.

CUSTOMER BASE ACQUISITIONS

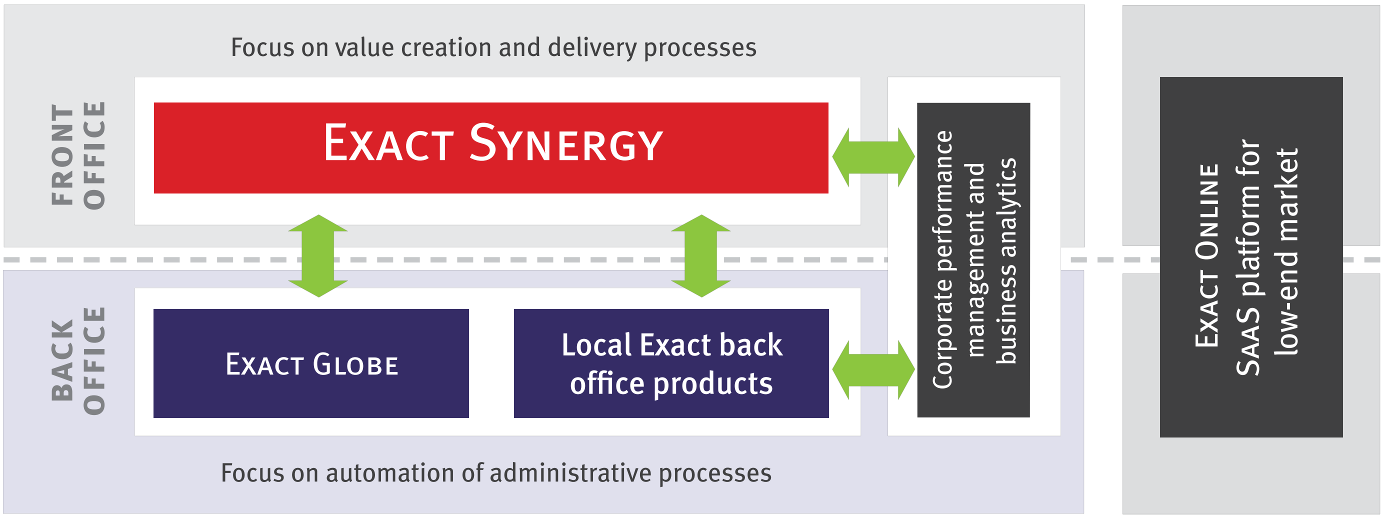
Local brands with a stable and mature ERP offering and a substantial and loyal customer base provide cross-selling opportunities to drive organic growth. Seeking to better leverage existing investments to extend their application life cycles, the customer base can be leveraged with Exact Synergy. Furthermore these acquisitions enable entries into new geographical markets.

Next to its strategic rationale, Exact strongly believes that a cultural fit determines the success of acquisitions. Therefore, special attention is paid to values and culture during the due diligence process. The successful execution and integration of acquisitions is ensured by cross-functional, project-based merger & acquisition teams based on a clearly defined integration framework.

At all times these acquisitions should increase shareholder value. To measure this, Exact calculates the value based on the discounted free cash flows of an acquisition, which then should meet a hurdle rate of 9.75%, which is the weighted average cost of Exact's capital.

2.6 Product Portfolio

The Exact 'business empowerment' solution portfolio enables customers to automate not only their administrative back office processes but also their value creation and value delivery processes. This comprehensive, fully-integrated and targeted SMB product suite provides up to 100% of employees and even external stakeholders with structured and controlled self-service access to relevant information, thus meeting the SMB customers' needs of today and tomorrow.



EXACT SYNERGY

Exact Synergy is a fully integrated, browser-based front office solution that works in conjunction with traditional ERP applications. It offers a platform for online communication and collaboration through which it facilitates information sharing among all resources in and around an organization. It focuses on automating value creation and delivery processes, and covers solution areas such as HRM and CRM as well as document, workflow and project management.

EXACT GLOBE

Exact Globe is a traditional back office ERP solution focusing on automating administrative processes. Financial accounting as well as logistics systems and processes are directly linked to account management, human resources, manufacturing and others. Exact Globe is available in more than 40 languages, supports more than 40 legislations and is seamlessly integrated with Exact Synergy.

LOCAL BACK OFFICE PRODUCTS

Next to Exact Globe, Exact offers various additional local ERP back office solutions as a result of acquisitions. These are manufacturing-oriented products like Exact Macola, Exact Max and Exact JobBOSS in the Americas, local horizontal products such as Dimoni in Spain, SIIGO in Colombia and ProAcc in Belgium, and the German payroll product Lohn XL. All these products work in conjunction with Exact Synergy.

EXACT BUSINESS ANALYTICS

Exact Business Analytics (EBA) is a solution that empowers companies to intelligently interpret and analyze business data through flexible reporting. It offers the ability to access, consolidate and convert data into meaningful information throughout the customer's business. EBA is integrated with various Exact products like Exact Macola, Exact Globe and Exact Synergy.

CORPORATE PERFORMANCE MANAGEMENT

Exact's solution for corporate performance management (CPM) is based on our most recent acquisition, Longview Solutions, in November 2007. Longview Solutions is a leading CPM software vendor, delivering a best-in-class CPM solution for strategic finance with solutions for budgeting, planning, forecasting, consolidation and tax. This is complementary functionality, enhancing our Business Empowerment solutions portfolio.

EXACT ONLINE

Exact Online is an internet-based accounting solution which is provided as a service via the internet. This 'software as a service' (SaaS) is paid with a monthly subscription fee. By offering customers and their accountants access to the same information, Exact Online enables both parties to collaborate more efficiently. The ease of use and the fact that no initial investment is necessary makes Exact Online an excellent solution for small companies, accountants and branch organizations.

2.7 Organization

To optimally facilitate the execution of the company's strategy and combine the power of Exact at a global level, a new corporate structure was implemented in 2007.

Strategic functions are organized at the headquarters level to facilitate operationsand strategy execution within four geographical regions.

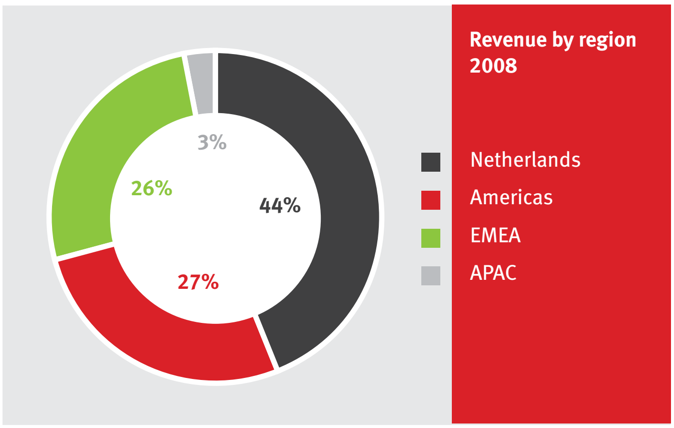
The headquarters comprises the following infrastructure:

Corporate Product Organization	Product Development Center in Malaysia (ADC) Corporate Product Management Research and Innovation Centers in Delft, the Netherlands, and the USA
Corporate Marketing	Strategic Marketing Product Marketing Corporate Communications Marketing Intelligence
Operations Support	Corporate Finance and Administration Corporate HRM Corporate Center of Learning (Exademy) Corporate IT Legal Department

Exact's operations are organized in the following four geographical regions:

- Netherlands
- Americas
- EMEA (Europe, Middle East and Africa)
- APAC (Asia/Pacific)

Global market strategies such as the focus on small and medium-sized subsidiaries of international companies (parenting strategy) are facilitated and driven from a central corporate infrastructure to ensure rollout across all regions.



3. Report of the Board of Managing Directors

3.1 The Members of the Board of Managing Directors
3.2 Introduction
3.3 Strategy Execution
3.4 Financial Results
3.5 Human Resources
3.6 Product and Technology
3.7 Corporate Governance
3.8 Management Statement
3.9 Outlook

3. Report of the Board of Managing Directors

3.1 The Members of the Board of Managing Directors

Raj Patel (CEO)

Date of birth: May 16, 1969
Position: Chief Executive Officer (as of July 1, 2005)
Nationality: British
Date of initial appointment: April 7, 2005
Current term of office: 4 years
Number of shares: 33,392

Raj Patel began his career in 1991 with PC World, a retail chain selling home computers and equipment via retail stores. He then joined Computer Company, where he concentrated on the company's international operations in general, with a particular focus on acquisitions. In 1994 he took up a position with IPC in Singapore, where he focused on the company's core activities: sales, marketing and manufacturing of PCs and related equipment. He held a number of management positions within IPC, both in Asia and Europe, before joining Exact Software on March 1, 1996. Raj Patel has held a number of senior managerial posts within Exact, most recently as Group Director of Exact International.

Jim Kent (Vice President)

Date of birth: September 13, 1958
Position: Vice President
Nationality: American
Date of initial appointment: April 7, 2005
Current term of office: 4 years
Number of shares: none

Jim Kent began his career as a consulting manager in 1984 with Moody, O'Sullivan & Co. while completing his Master of Business Administration degree at Southern New Hampshire University. He completed his MBA in 1987 and founded his own business consulting and software solutions company, the Kent Group. The firm grew to include offices in the north and southeast regions of the USA. Exact acquired the Kent Group in September 2001 and Jim Kent was appointed as general manager of the Macola division within Exact Software North America in 2002. In 2005 he was appointed Group Director of Exact Software North America.

3.2 Introduction

2008 was clouded by the beginning of a dramatic global crisis in the financial markets, substantially impacting the economy and leading to incomparable uncertainties in the business environment.

Since the beginning of 2008 the Board of Managing Directors has been prepared for a downturn in the economic climate, and aligned the company's cost structure to the current market conditions. As a result of a further organizational alignment within the Americas and Netherlands regions and a global recruitment stop as per August 2008, the total number of employees has been reduced by approximately 10% to fewer than 2,500. In addition, cost-saving programs in the areas of travel and general expenses were implemented early in the year.

Despite the deteriorating economic environment, we had a solid performance in most of the regions up to the third quarter. Although we saw a decline in license revenue from new customers, an early shift of focus enabled us to largely compensate that with additional revenue from existing customers. October was the first month in which we experienced a noticeable impact from the current economic conditions on license revenue. Worsening conditions in November and December led to Q4 revenues substantially below those of the previous year.

With the majority of our revenue coming from our existing customer base, Exact has limited exposure to the development of new business intake, which is typically hit first in a downturn economy. Together with timely action and the diligent execution of cost-saving measures, and despite dramatic market conditions in Q4, we were able to exceed last year's EBITDA and to keep our cash flow at a comparable and very high level.

Exact has also reacted swiftly to the current economic environment in terms of solution offering in order to capture market opportunities related to the economic downturn. Under the umbrella "Exact Solutions for Challenging Times", several specific solutions were already defined before summer 2008 to help customers weather a tough economic climate. These solutions address the specific challenges of small to medium-sized companies in an economic downturn and are targeted at increasing business insight and control, reducing costs, maximizing cash flow and improving customer relations.

Our parenting strategy, in particular, remains strong and resilient in challenging times, as it offers international companies the ability to improve control and to gain efficiencies by standardizing their business software solutions for small to medium-sized operations.

Furthermore, despite the economic downturn we have seen continuous strong performance of our SaaS offering, Exact Online, confirming our focus and investments in that area.

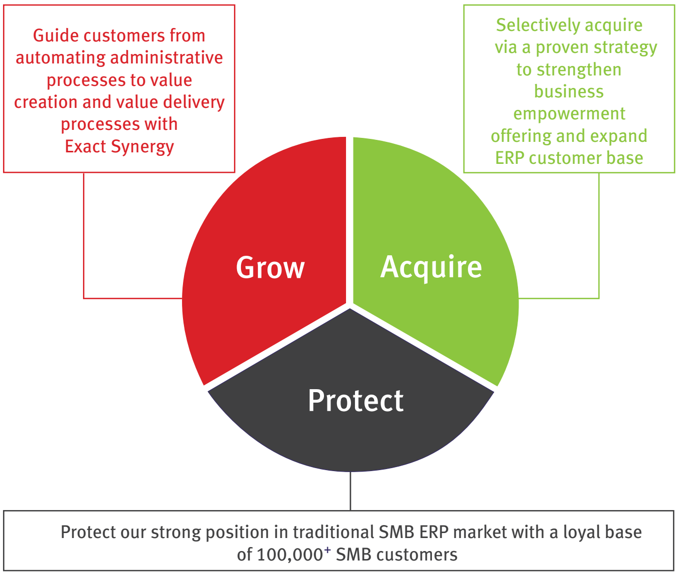
The results of 2008 have again demonstrated that Exact has made the right strategic choices in the last three years and the Company's ability to execute its strategy.

3.3 Strategy Execution

Since the beginning of 2006, Exact has executed a clear and concise strategic plan to drive continued growth and profitability for the coming years.

Exact's strategy is designed to maximize the value of its current operational strengths and leverage its assets to drive further organic and acquisition-based growth opportunities.

Exact's management has continued to execute its three-point strategic growth program: **protect, grow and acquire.**



TRADITIONAL ERP BUSINESS ("PROTECT")

Today, most small and medium-sized companies address simple back office automation with traditional ERP software, and are increasing their focus on advanced front office software tools in order to better support value creation and delivery processes within the organization. Therefore, additional investments are mainly focused on extensions and enhancements to better leverage existing investments. New investments are, to a large extent, replacements. This trend is reflected in the low single-digit growth of the traditional global ERP market.

As a result, Exact's core focus is to protect its leading position in the traditional ERP market. This is key for the company's strong cash generating capacity, and the foundation for strong growth in solution areas beyond traditional ERP.

In 2008 Exact further increased its focus on the "protect" component of its strategy to secure its loyal and substantial customer base in a very challenging economic and business environment.

- The frequency of proactive customer contact has been increased, including activities such as on-site visits from customer support specialists to further strengthen customer relationships.
- The diligent execution of customer win-back programs across all regions contributed to the total increase of 3.5% in maintenance revenue.
- A global customer satisfaction survey has been conducted, indicating that 73% of Exact's global customer base is highly satisfied with Exact's performance.
- Continued balanced investments in Exact Globe and Exact's local ERP product offerings have been made to ensure continued added value to existing customers and extend the life cycles of their investments, as well as remain competitive towards new customers mainly replacing their current ERP solution.
- The majority of license revenue in the traditional ERP business was generated from the existing customer base by cross-selling additional functionality, administrations and users.
- Under the umbrella "Exact Solutions for Challenging Times" several specific solutions were already launched in summer to help customers weather the tough economic climate. These solutions address the specific challenges of small to medium-sized companies in an economic downturn and are targeted are increasing business insight and control, reducing costs, maximizing cash flow and improving customer relations.
- In addition to selling to the existing customer base, Exact continued to capture new sales opportunities in the traditional ERP market, in particular based on Exact's parenting strategy, which focuses on international companies, and is especially strong and resilient in challenging times.

ORGANIC GROWTH DRIVER EXACT SYNERGY ("GROW")

Based on its strong market position and customer base in the SMB ERP market, Exact's major organic growth driver is its integrated front office solution, Exact Synergy.

- Despite difficult economic conditions, Exact Synergy-related revenue grew 4% across all targeted segments. Due to the deteriorating economic and business environment, new business intake in 2008 was challenging, especially in the second half of the year. An early shift of focus on additional business from existing customers enabled us to partly compensate that.

It all began in 1983 when Bernd Schneider, founder of Vacu Vin, came up with the idea for the Vacuum Wine Saver. His idea for the wine saver sprang directly from the taste of spoiled wine. The company was later founded in 1986.

Vacu Vin's wide range of products are known for their practical application in everyday life. To this day, this remains one of their main drivers for innovation.

Working with Exact solutions since 1997.

- As a result, the majority of Exact Synergy licenses were sold to the existing ERP customer base, demonstrating the cross-selling capabilities. This was mainly a result of further penetrating the installed base of Exact Globe customers in the Netherlands, Macola customers in North America, and Dimoni customers in Spain.
- Based on Exact's Business Made Easy offering, the penetration of smaller ERP customers with Exact Synergy has further increased in the Netherlands. Exact Business Made Easy is a preconfigured Exact Synergy solution that offers small organizations access to the powerful technology of Exact Synergy in combination with very short implementation times. In the second half of 2008, Business Made Easy was adapted for the United States, where it was launched early 2009.
- The development of industry-specific templates to attract new customers in the traditional mid-market has resulted in an increased number of new Exact Synergy stand-alone customers, especially in the Netherlands and EMEA regions.
- In addition to the initial sale of an Exact Synergy license, an increasing number of follow-on sales, further penetrating the employee base within a company, contributed to accelerated growth.

ACQUISITIONS ("ACQUIRE")

To facilitate its "business empowerment strategy", Exact has defined a clear acquisition strategy to strengthen its business empowerment offering and further expand its ERP customer base. Between July 2005 and November 2007 eight acquisitions were executed in line with this strategy. The execution and integration of these acquisitions have been managed by cross-functional, project-based M&A teams within a clearly defined integration framework.

Although the current economic situation has impacted price levels and the valuation of potential acquisition targets, Exact has remained conservative in its acquisition activities, and did not execute any additional acquisitions in 2008. Instead Exact mainly focused on further integrating existing acquisitions and in particular its most recent acquisition, Longview Solutions (CAN), a leading provider of corporate performance management (CPM) software solutions, acquired in November 2007.

Longview Solutions

As the largest acquisition in Exact's history, the strategic acquisition of Longview Solutions strengthens Exact's business empowerment software portfolio by adding Longview Solutions' powerful CPM platform, and accelerates Exact's expansion into the higher end of the mid-market. In turn, Longview Solutions benefits from Exact's financial strength and geographic footprint as it continues to deliver best-in-class CPM software and services to the enterprise market and further expands into the mid-market.

Longview Solutions currently reports directly to corporate headquarters, enabling a strong focus from corporate management on the development and integration of this large acquisition. 2008 was the first full year of Longview Solutions as a division of Exact. The key focus was on business continuity and the generation of new business from both existing and new customers. As a result, license revenue order intake in 2008 more than doubled compared to the previous year. This is a result of continued investment from existing customers and the strong generation of new customers, in particular for Longview Solution's tax solution, as confirmed by major contract wins such as Edgen Murray, HD Supply, Integrys Energy Group and Imperial Tobacco Group.

In addition, integration activities of Longview Solutions' back office into the Americas region have been executed according to plan and the first cross-selling activities have been established between Longview Solutions and Exact's operating regions, resulting in some promising initial success.

Despite a challenging economic and business environment, the following financial and operational achievements can be reported for 2008:

- In its first full year as a division of Exact, Longview Solutions' total revenue amounted to € 18.5 million.
- As a result of a prudent revenue recognition policy, the increase in order intake is not fully reflected in Exact's 2008 revenue.
- With an EBITDA of € 4.3 million representing an EBITDA margin of 23.5%, Longview Solutions has reached a committed group average in terms of margin.

- A first pilot customer of Khalix 7, the new version of Longview Solutions' CPM suite, started implementation in Q4 2008, confirming a committed continued investment in the Longview Solutions product offering.
- Longview Solutions was recognized in the "Visionaries" Quadrant for Corporate Performance Management Suites by leading analyst firm Gartner Inc.

Orisoft Technology

In November 2008 Exact submitted a public offer to purchase all shares of Orisoft Technology, a key Asian HRM software company based in Kuala Lumpur, Malaysia. The public offer was closed on January 16, 2009 after 94.64% of the outstanding shares of Orisoft were tendered to Exact. The acquisition was completed on February 27, 2009.

This acquisition increases the presence of Exact in Malaysia and Thailand and strengthens Exact's HRM solution offering in the APAC region. Furthermore, Orisoft complements Exact's strategic focus on international companies in the region with its payroll and HRM solution portfolio and its international customer base. In turn, Orisoft benefits from Exact's financial strength and its subsidiary network in Asia, which will extend and strengthen Orisoft's distribution channel.

LEVERAGING ACQUISITIONS OF PREVIOUS YEARS

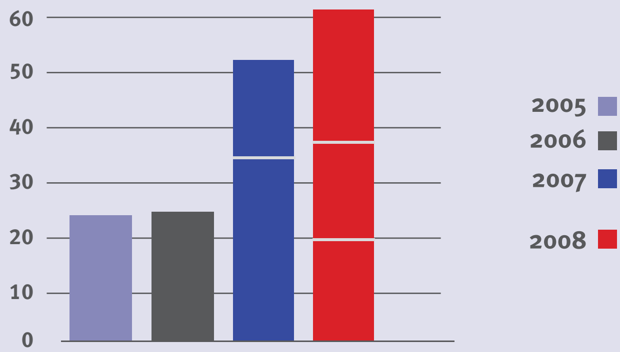
The three business partner acquisitions completed in 2005 in the USA and in Spain, as well as the acquisition of specific assets of alphaSIGMA Consulting LLC in the USA in 2006 have been fully integrated and continued to contribute to revenue and EBITDA in their regions.

The acquired products (Exact Business Analytics and the Pick-IT module for Exact Globe) of the technology acquisitions Vanguard (USA) and Easy Access, (Netherlands) made in 2005, were already fully integrated into Exact's global product offering already in 2007 and continuously sold across the globe in 2008 demonstrating Exact's ability to leverage its global distribution network.

The customer base acquisition of the local leading software vendor Solid Data NV/SA in Belgium in 2007 has continued to substantially contribute to growth and profitability in Belgium, further strengthening Exact's leading position in the SMB accounting software market.

SUMMARY STRATEGY EXECUTION 2006-2008

Since the beginning of 2006, Exact has diligently executed a clear and concise strategic plan to drive continued growth and profitability. This has resulted in a total revenue growth since 2005 of 16.2% to € 261.0 million and an EBITDA growth of 25.2% to € 58.2 million in 2008. Operating cash flow has even increased by 45.2% to € 47.1 million since 2005 leading to a substantially improved profit to cash conversion compared to 2005. With this consistent track record of continued profitable growth and strong cash flows, Exact has returned over € 160 million to its shareholders since 2005, while investing in existing and future products, technology, employees, management and partners. Furthermore, the management proposes a 100% payout of net income for 2008 despite the current economic climate.



Cash returned to shareholders
(in millions of euros)

- 2005: dividend payment for 2004 (€ 23,770)
- 2006: dividend payment for 2005 (€ 23,928)
- 2007: dividend payment for 2006 (€ 34,126) and interim dividend payment for 2007 (€ 18,265)
- 2008: final dividend payment for 2007 (€ 19,946), interim dividend payment for 2008 (€ 16,582) and share buyback program (€ 25,052)

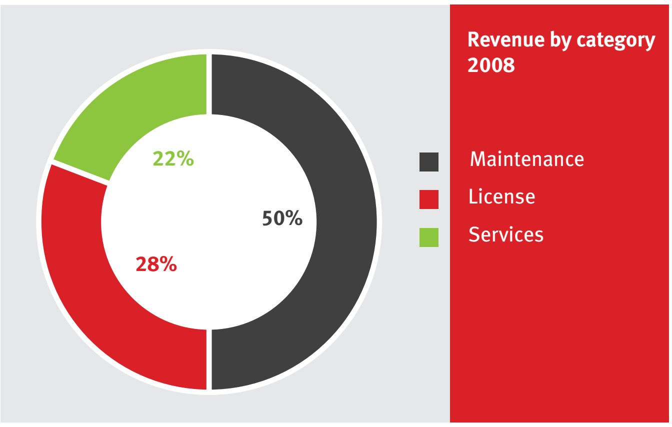
The Supervisory Board has decided not to nominate themselves for reappointment for another four-year term, for reasons further elaborated in the Report of the Supervisory Board in this annual report. We would like to thank the Supervisory Board for the excellent contribution to the company's strategy, governance and overall supervision of the Board over the last four years. They have been contributing to the definition of a clear strategy, monitoring its execution and supporting the Board of Managing Directors in fulfilling their responsibilities in the interests of all stakeholders. In addition they have consulted, advised and coached the Board of Managing Directors in both formal and informal meetings, which has resulted in an excellent working relationship.

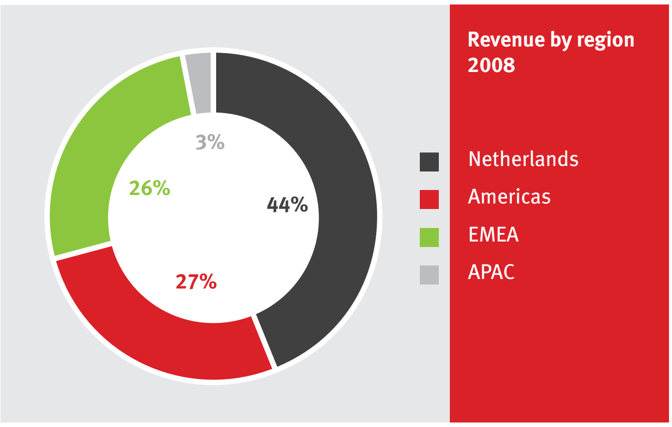
3.4 *Financial Results*

KEY FINANCIAL FIGURES

(in € thousands)	2008	Change	2007	2008	Change	2007
				at constant currencies		
License revenue	**74,257**	(4.1%)	77,399	75,532	(2.4%)	77,399
Maintenance revenue	**129,630**	3.5%	125,213	131,617	5.1%	125,213
Service revenue	**57,086**	15.3%	49,497	58,202	17.6%	49,497
Total revenue	**260,973**	3.5%	252,109	265,351	5.3%	252,109
EBITDA	**58,203**	2.0%	57,036	59,106	3.6%	57,036
EBITDA margin (in %)	**22.3%**	(0.3 pts.)	22.6%	22.3%	(0.3 pts.)	22.6%
EBIT	**49,373**	(0.8%)	49,792	50,189	0.8%	49,792
EBIT margin (in %)	**18.9%**	(0.9 pts.)	19.8%	18.9%	(0.9 pts.)	19.8%
Net income after tax	**36,825**	(5.8%)	39,112	37,228	(4.8%)	39,112
Net income margin (in %)	**14.1%**	(1.4 pts.)	15.5%	14.0%	(1.5 pts.)	15.5%
Diluted EPS* (in €)	**1.54**	(3.1%)	1.59	n.a.	n.a.	n.a.
Diluted cash EPS* (in €)	**2.00**	(1.0%)	2.02	n.a.	n.a.	n.a.

** Based on average diluted number of shares outstanding 2008 (2008: 23.62 million; 2007: 24.03 million)*





Revenue

Total revenue at constant currencies grew from € 252.1 million in 2007 to € 265.4 million in 2008, representing an increase of 5.3%. Including a negative foreign exchange rate effect of € 4.4 million, total revenue grew from € 252.1 million in 2007 to € 261.0 million in 2008, representing an increase of 3.5%. The acquisition of Longview Solutions executed in November 2007 added € 18.5 million to the total revenue. The organic revenue – defined as total revenue development at constant currencies excluding the contribution of acquisitions – declined by 0.6%. Revenue related to Exact Synergy grew by 4% to € 32.9 million (2007: € 31.5 million).

License revenue decreased by 4.1% to € 74.3 million (2007: € 77.4 million), primarily driven by a substantial impact from the current economic conditions, resulting in a license revenue drop in Q4 2008 compared to a very strong performance in Q4 2007. Organic license revenue declined by 5.9% (2007: 7.5% increase). Longview Solutions contributed € 4.4 million to the license revenue.

Maintenance revenue increased by 3.5% to € 129.6 million (2007: € 125.2 million). The increase of 3.5% included a contribution of € 4.7 million from Longview Solutions, and was diluted by a negative foreign exchange rate impact on maintenance revenue of € 2.0 million. Excluding negative foreign exchange rate impact, the maintenance revenue grew 5.1%.

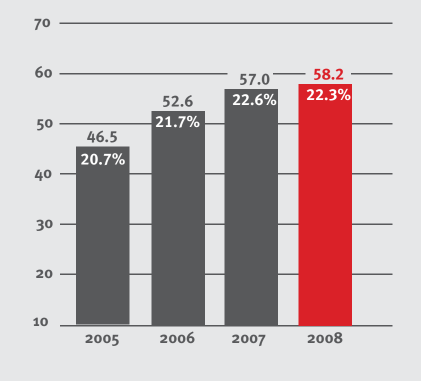
Service revenue increased by 15.3% to € 57.1 million (2007: € 49.5 million), driven by the contribution of Longview Solutions representing € 9.4 million. Excluding foreign exchange rate effects that negatively impacted service revenue by € 1.1 million, service revenue grew by 17.6% to € 58.2 million (2007: € 49.5 million).

EBITDA and EBIT

As a result of an early alignment of the company's cost structure to the current market conditions, EBITDA increased to € 58.2 million (2007: € 57.0 million), representing an EBITDA margin of 22.3% (2007: 22.6%). This included a one-off charge of € 0.6 million for costs related to discussions with investment firms confirmed in a press release on January 14, 2008 and announced to be terminated in a press release on March 20, 2008.

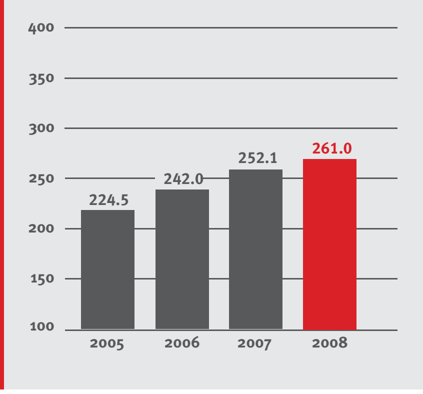
The acquisition of Longview Solutions contributed € 4.3 million to the EBITDA, which reflects an EBITDA margin of 23.5%. Organically and excluding a one-off charge of € 0.6 million, the EBITDA margin increased to 23.3% (2007: 22.6%).

EBIT amounted to € 49.4 million (2007: € 49.8 million) representing an EBIT margin of 18.9% (2007: 19.8%). Organically and excluding a one-off charge of € 0.6 million, EBIT amounted to € 50.4 million (2007: € 49.8 million) representing an EBIT margin of 20.1% (2007: 19.8%).



EBITDA
(in millions of euros)

Total Revenue
(in millions of euros)



Total operating expenses increased by 4.6% to € 211.6 million (2007: € 202.3 million). Personnel expenses amounted to € 135.7 million (2007: € 126.8 million) representing an increase of 7.0%. The acquisition of Longview Solutions added € 11.4 million to personnel expenses. Excluding acquisitions and a positive foreign exchange rate impact of € 2.5 million, personnel expenses remained at the same level as in 2007. Marketing and sales expenses decreased by 10.6% to € 13.2 million (2007: € 14.8 million), mainly as a result of reduced sponsorship activities.

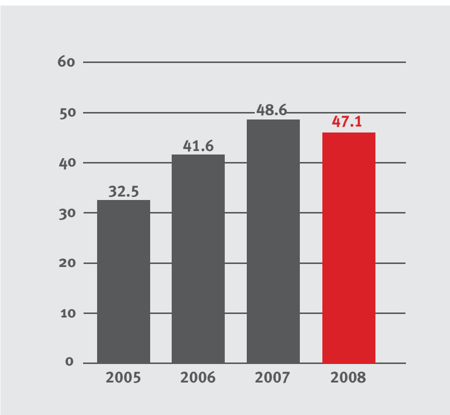
Corporate costs, including research and development (R&D) costs for corporate product lines, and holding costs increased by € 6.9 million to € 27.4 million (2007: € 20.5 million). This includes a one-off charge of € 0.6 million for costs related to discussions with investment firms and an increase in amortization of intangible assets of € 1.4 million. The remaining increase of € 4.9 million was caused by the expanded corporate infrastructure as a result of the organizational realignment from strategic groups to geographical regions, leading to a decrease in regional costs and increased operational efficiencies.

Interest and Tax

The total financial income amounted to € 0.8 million, which amounts to a decrease of € 1.8 million (2007: € 2.6 million). This was mainly the result of a decreased excess cash balance caused by the acquisition of Longview Solutions, dividend payments for 2007 and interim dividends for 2008, and the execution of a share buy-back program. The average tax rate increased from 25.4% to 26.6%, mainly as a result of increased profitability in the Americas region.

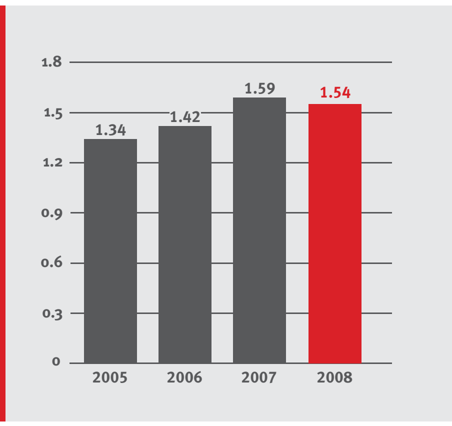
Balance Sheet and Cash Flow

Exact continues to have a strong balance sheet. After paying € 36.5 million as a final dividend for 2007 and interim dividend for 2008, and € 25.1 million for the share buy-back program, the net cash position amounts to € 44.7 million as per December 31, 2008. An increased focus on cash collection compensated the effects of the current economic conditions and kept the average days sales outstanding stable at 62 (2007: 62). Despite deteriorating economic conditions in 2008, operating cash flow remained high at € 47.1 million (2007: € 48.6 million).



Operating cash flow
(in millions of euros)

Earnings per share
(in euros)



Net Income and Dividend

Net income amounted to € 36.8 million (2007: € 39.1 million), representing a decrease of 5.8% mainly driven by the lower financial income and the increased average tax rate. EPS decreased by 3.1% to € 1.54 (2007: € 1.59).

Based on the continued strong cash flow and the company's track record of converting profit into cash, the management proposes a 100% payout of net income for 2008 despite the current economic climate.

As a result of the share buy-back program in 2008, the number of dividend-entitled outstanding shares at year end decreased, resulting in an additional dividend payment of € 0.02 per share compared to the EPS. A final dividend payout of € 0.87 per share will be proposed at the General Meeting of Shareholders on April 23, 2009, in addition to the interim dividend of € 0.69 per share paid on August 27, 2008. This amounts to a total dividend for 2008 of € 1.56 per share, and represents a 100% payout of net income in line with dividend policy.

Acquisition of Own Shares

Based on the authorization granted by the General Meeting of Shareholders on April 24, 2008, and with approval of the Supervisory Board, Exact initiated a share buy-back program which was announced on July 24, 2008.

During the period of July 28 through September 24, 2008, Exact acquired 1,219,995 (representing 5%) of its own shares pursuant to the share buy-back program, at an average price of € 20.53 per share.

The program was executed by ING Wholesale Banking, which made its trading decisions in relation to Exact's shares independently of Exact and without influence of Exact with regard to the timing of the purchases.

The shares purchased are held in treasury for general company purposes, are non-voting and have no dividend entitlement. The latter has a positive effect on the EPS of the remaining shares outstanding.

Based on the continued strong cash flow and the company's strong track record of converting profit into cash, the management proposes a 100% payout of net income for 2008 despite the current economic climate.

3.5 *Human Resources*

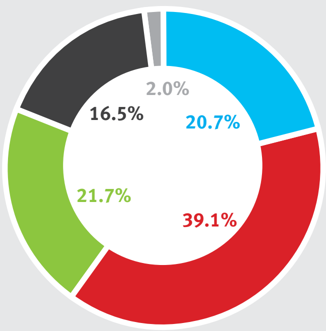
Exact has prepared early for and reacted swiftly to the downturn in the economic climate ligning its workforce to the current market conditions without any structural layoffs. As a result of a further organizational alignment within the Americas and Netherlands regions and a global recruitment stop as per August 2008, the total number of employees has been reduced by approximately 10% to fewer than 2,500. Independent of this reduction, Exact continued to invest in the training and education of its employees via the Exademy, Exact's Corporate Center of Learning, as it considers its highly skilled, motivated and qualified workforce to be one of its most important resources.

KEY HR Metrics 2008

	2008	Change	2007
Employee key figures			
Average number of employees (FTE)	**2,569**	(1.5%)	2,609
Number of employees at year end (FTE)	**2,417**	(9.9%)	2,682

- **Employees per discipline**
  Of Exact's employees, 60% are devoted to research & development and customer services, underlining the company's commitment to provide its customers with unique and in-demand solutions around the world.

- **Absenteeism due to illness and industrial disability**
  Exact's level of absenteeism due to illness remains very low at 3.75%. No employees left the organization in 2008 due to occupational disabilities.

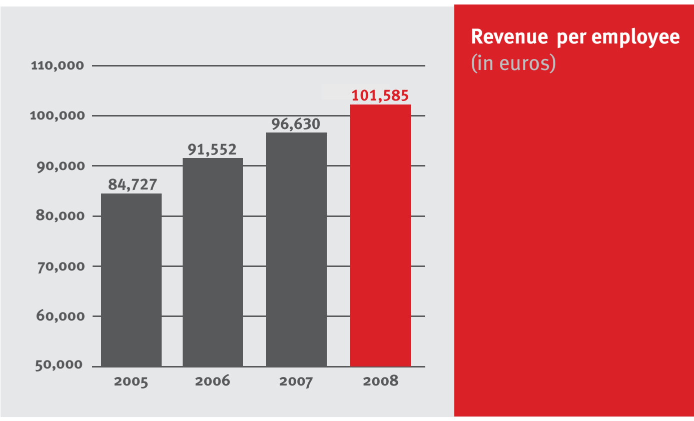


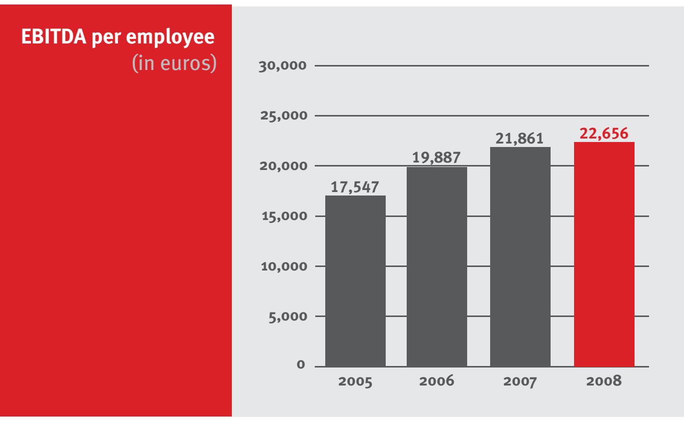
Employees per discipline

Sales & Marketing	20.7%	501
Customer Service	39.1%	946
Research & Development	21.7%	523
Operations Support	16.5%	399
General Management	2.0%	48
Total number of employees at year-end (FTE)		2,417

- **Performance-related pay and reward**
  Exact's performance-related remuneration system encourages employees to increase their productivity and rewards their contribution. The amount of variable payment in 2008 amounted to 17.7% of the total amount of wages compared to 17.4% in 2007.

- **Development revenue /EBITDA per employee**
  As a result of continued investments in employees, Exact has been able to increase productivity and efficiency across its organization, resulting in an increased revenue and EBITDA per employee.

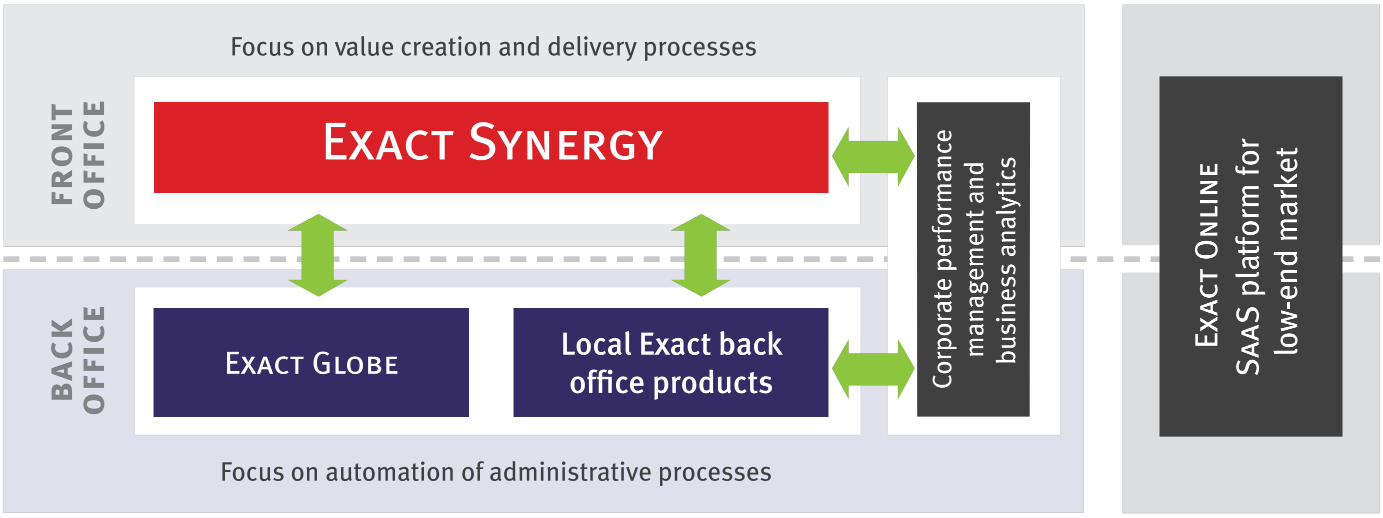




Exact considers its highly skilled, motivated and qualified workforce to be one of its most important resources.

3.6 Product and Technology

Exact continuously invests in its product offerings, ensuring that its customers can benefit from state-of-the-art technology that helps them to drive and grow their businesses. Last year, all actively developed product lines were enhanced in line with Exact's corporate strategy to drive customer retention and targeted investments were made to cater for revenue growth now and in the future.



Exact Online

Last year the total number of Exact Online subscriptions grew more than 50% to over 7,500, and at this moment more than 1,500 accountants and bookkeeping offices are using and recommending Exact Online. This strengthens Exact's belief that the concept of 'Software-as-a-Service' will play a key role in tomorrow's business world. The delivery of a simplified subscription wizard and an enhanced user experience for new users in 2008 have made Exact Online an online bookkeeping solution even easier and faster to use. Through partnerships with Bizner Bank, a subsidiary of Rabobank Netherlands, and CreditChecker, a product of Dun & Bradstreet, Exact Online has been enriched with tight integration to online services of leading parties in the financial world. The connectivity of Exact Online itself was also improved last year, making it easier for partners to connect their product or service directly to Exact Online.

Exact Synergy

The main focus of the development of Exact Synergy was to enhance the solution's connectivity and user experience. New functionality in the field of, for instance, HRM and document management was added to the product in 2008. Exact Synergy was also made Unicode-compliant, so it could be more easily rolled out in organizations with international presence and therefore highly support Exact's parenting strategy. Exact Synergy was enabled to expose data to other applications through web services technology and Exact selected Pervasive as the preferred middleware supplier. Pervasive gives us the opportunity to connect Exact Synergy with a wide range of back office products and will therefore open up new markets for Exact Synergy.

Exact Globe

Major development efforts for Exact Globe were at supporting the introduction of Exact's parenting strategy in the Americas Region. Exact Globe is officially rolled-out in the Americas and therefore Exact invested in new functionality requested by the American market. These investments can, however, be leveraged by customers in other regions. Many other localizations were also enhanced, next to improvements in manufacturing and the Software Development Kit (SDK). This SDK allows Exact's eco system to develop add-ons and custom solutions for Exact Globe, offiering customers new opportunities for extending the use of Exact Globe and leveraging their invesetments in Exact Globe even better. New financial trends and requirements like XBRL (reporting standard) and SEPA (European banking standard) were adopted by Exact Globe in 2008

Local Exact back office products

To extend the investments placed by customers in the various local Exact back office products, continuous effort was placed in enriching the functionality of these solutions in order to ensure customer retention and satisfaction.

Exact Business Analytics

During 2008 tighter integration between Exact Business Analytics and both Exact Globe and Exact Synergy was established. A new product update introduced web-based reporting and personalized dashboards to the product, making Exact Business Analytics an even more powerful extension of both Exact Globe and Exact Synergy, giving its users valuable insights in the performance of their business.

3.7 Corporate Governance

The Monitoring Committee of the Dutch Corporate Governance Code ("the Code") presented on December 10, 2008 a new version of the Code. Pursuant to this new Code, companies that have their stock listed on the Dutch stock exchange are required to report on their compliance with the Code, in the management statement of the Annual Report. This report can be found in Chapter 5.4 of this Annual Report.

3.8 Management Statement

Pursuant to the implementation of the Transparency Directive (Directive 2004/109/EC) into Dutch legislation on December 24, 2008, the Board of Managing Directors state that to their knowledge (1) the annual accounts in this Annual Report give a true and fair view of the assets, liabilities and financial position and profit and loss of Exact and its related companies; (2) the annual management report in this Annual Report gives a true and fair view of Exact and its related companies as per the balance sheet date and the state of affairs during the financial year to which this report relates; and (3) the annual management report describes the material risks Exact is facing.

3.9 Outlook

In light of the continued uncertain economic and business environment, the company does not provide specific guidance. Exact will continue to focus on EBITDA protection and cash flow, and will remain very cost prudent until clear signs of an improvement of the current economic situation are visible. Swift actions taken early in 2008 to align the company's cost structure without structural layoffs have led to a reduction in headcount of appromimately 10%. Such measures also led to substantial cost savings, which were partly realized in 2008 and are expected to have a full effect in 2009. The benefits of early action have enabled us to execute our strategy, including incremental investments into our business, in anticipation of the rebound.

Delft, April 7, 2009

Raj Patel
Jim Kent

Exact will continue to focus on EBITDA protection and cash flow, and will remain very cost prudent.

4. Operational Developments

4.1 Overview of Geographical Regions
4.2 Netherlands
4.3 EMEA
4.4 Americas
4.5 APAC

4. Operational Developments

4.1 Overview of Geographical Regions

Exact's operations are organized into four geographical regions.

Longview Solutions currently reports directly to corporate headquarters, enabling a strong focus from corporate management on the development and integration of this large acquisition.

For each region, this section provides a profile, financial highlights and operational developments in 2008, as well as an outlook for 2009.

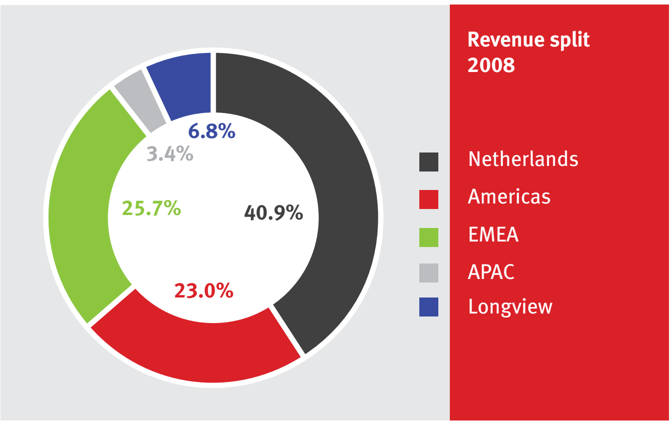
	2008			2007		
	Total revenue	EBITDA[1]	EBITDA %[1]	Total revenue	EBITDA[1]	EBITDA %[1]
Netherlands	**106,948**	47,006	44.0%	110,124	48,933	44.4%
EMEA [2]	**67,193**	15,758	23.5%	65,262	13,045	20.0%
Americas [3]	**60,095**	12,991	21.6%	65,487	10,951	16.7%
APAC	**8,986**	1,503	16.7%	9,049	1,878	20.8%
Longview Solutions [4]	**17,751**	4,209	23.7%	2,187	(2)	(0.1%)
Total	**260,973**			252,109		

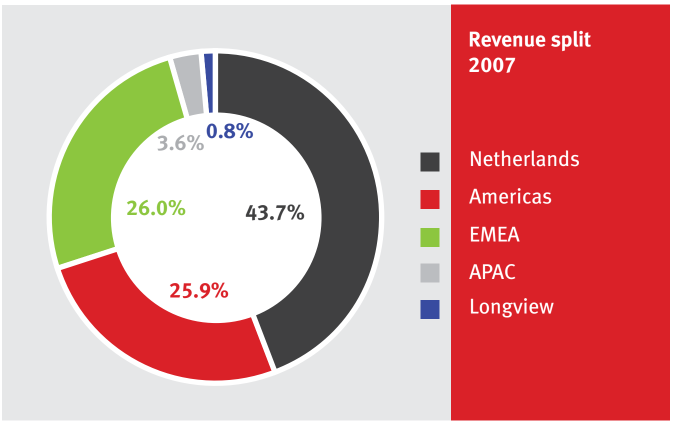
1) Corporate costs are not included in the EBITDA of the regions.

2) The EMEA region includes the UK-based office of Longview Solutions.

3) The Americas region does not include Longview Solutions.

4) Longview Solutions does not include the UK-based office of Longview Solutions.





Although the Royal Delft company has existed since the 17th century, the intention of restoring the old tradition of producing hand painted Delft Blue was what sparked its new beginning in 1876.

Today, the company is world renowned as a leading producer of authentic Delft Blue, yet remains firmly attached to its traditional production process of creating Delft earthenware.

Working with Exact solutions since 1994.

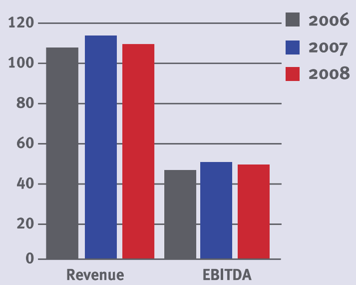
4.2 Netherlands

With a total revenue of € 106.9 million and an EBITDA of € 47.0 million, Exact's home region remains the largest contributor to the corporate results, both in profitability and in revenue. Excluding one-off costs of € 0.45 million for restructuring, the EBITDA margin in 2008 remained at 44.4%, maintaining the high level of 2007.

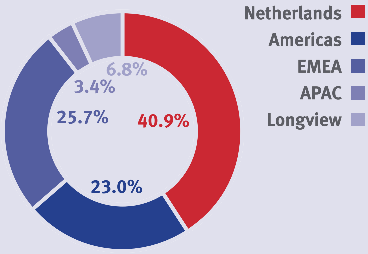
(in € million)	2008	Change	2008 at constant currencies	Change	2007
Total revenue	106.9	(2.9%)	106.9	(2.9%)	110.1
EBITDA	47.0	(3.9%)	47.0	(3.9%)	48.9
EBITDA margin	44.0%	(0.4 pts.)	44.0%	(0.4 pts.)	44.4%

Corporate costs are not included in EBITDA of the regions.

Development



Revenue share



Offices in the Netherlands:
- Delft
- Utrecht
- Eindhoven
- Zwolle
- Woerden
- Nijkerk

Product offering:
- Exact Synergy
- Exact Globe
- Exact Online
- Exact Business Analytics
- Exact Compact
- Exact Financials
- Grote Beer for Windows
- Exact AEC
- Websolutions QX

PROFILE

In its home market, the Netherlands, where it serves its large customer base in the traditional SMB market space, Exact remains the clear SMB market leader. At the same time, it is broadening its solution offering and market focus to the lower end of the market with Exact Online, and targeting the value-driven traditional mid-market with Exact Synergy.

Based on the SaaS solution Exact Online – an accounting software solution offered as a service via the internet – Exact has further increased its focus on the volume-driven lower end of the market. Enabling a more efficient collaboration between companies and their accountants, Exact Online further improves Exact's strong foothold in the accountancy sector.

The traditional SMB market remains the largest market for Exact in the Netherlands, mainly served via Exact's extensive and highly loyal reseller network. The large existing customer base, mainly served with Exact Globe, is a solid foundation for the increased market penetration of Exact Synergy, which enables customers to fully integrate their administrative, value creation and delivery processes, and extends the life cycles of their existing ERP investments.

SENZ was started out of pure frustration with traditional umbrellas, followed by the weirdest idea: helicopter constructions above the head using magnetic force fields.

SENZ hit international markets in October 2006. While their reputation and product distribution expand internationally, Gerwin, Gerard and Philip still insist on running the company themselves. They believe that life is about having fun.

Working with Exact solutions since 2007.

Strong focus is being placed on the traditional mid-market which offers additional growth opportunities for Exact in its home market. In contrast to the traditional SMB market, this segment requires industry-specific solutions that enable mid-sized companies to automate and integrate business processes. Exact serves these companies with process oriented, industry-specific business templates based on Exact Synergy, focusing on specific sectors including wholesale, manufacturing, retail, professional services and accountancy.

FINANCIAL RESULTS

2008 has been a challenging year in terms of a deteriorating and uncertain economic environment especially in the second half of the year. Therefore, in its home market Exact has focused on the protection of the EBITDA margin and cash generation, resulting in the following financial results in 2008:

- After strong H1 results, Q4 license and service revenue have been substantially impacted by the current economic conditions, resulting in revenue decline in Q4 2008, compared to a very strong performance in Q4 2007. Therefore, total organic revenue decreased by 2.9% to € 106.9 million (2007: € 110.1 million).
- Continued focus on customer retention resulted in a maintenance revenue increase of 1.5%.
- An increased focus on cash collection has reduced the days sales outstanding by 9 days, substantially contributing to Exact's strong cash flow.
- Cost-saving measures have been put in place to secure the high level of profitability. Excluding one-off costs of € 0.45 million for restructuring, the EBITDA margin remained at 44.4%, maintaining the high level of 2007.

OPERATIONAL DEVELOPMENTS

- Despite deteriorating market conditions, channel license revenue remained at the same level as in 2007, reconfirming partner loyalty and confidence.
- Several new business partners selling other ERP solutions were contracted for Exact Synergy in 2008.
- The total number of Exact Online subscriptions grew by more than 50% to over 7,500. Approximately 1,500 accountants and bookkeeping offices already use Exact Online, and recommend it to their customers.
- As part of a further alignment, the organizational structure was changed from a divisional to a functional model, resulting in an improved go-to-market strategy, driving further costs efficiencies and leading to a substantial decrease in headcount.
- In combination with cost-saving measures put into place, the cost structure of the Netherlands region has been aligned to the current market conditions.
- Exact was selected as one of the Top IT employers in the Netherlands by CRF.
- Important contract wins: Cordaid, Freia Science Services, VTL, Uniglobe Travel.

The total number of Exact Online subscriptions in the Netherlands grew by more than 50% to over 7,500.

OUTLOOK

The primary focus of the Netherlands region will continue to be EBITDA protection, cash-flow generation and a high satisfaction level amongst Exact's customer base and partner channels. Management will remain cost prudent until clear signs of an improvement are visible in the economic climate.

The majority of revenues in this region come from the customer base, and to that extent the region will continue to benefit from limited exposure to generating new business. While protecting profitability, the Netherlands will continue to seek growth opportunities in two areas: first within its large and loyal customer base by offering additional solutions to assist them in weathering the current challenging economic conditions; second, by focusing on the further growth of Exact Online, an SaaS offering with a subscription payment model requiring no upfront investments in a software license. Based on this, Exact Online has a low entrance barrier and therefore offers an additional benefit to small companies in challenging times.

Cerámica Italia S.A., a ceramic tile producer, uses a special clay from Cúcuta, Colombia, where it started its operations in 1981.

Today, although it has one of the most modern plants in South America, Cerámica Italia S.A. insists on keeping environmentally friendly standards as a way to give something back to the land that provides its clay.

Working with Exact solutions since 2001.

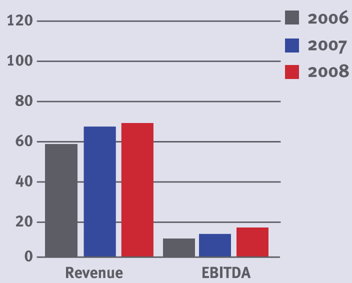
4.3 EMEA

As a result of the successful execution of Exact's parenting strategy, which is especially strong and resilient in challenging times, the total revenue in the EMEA region grew by 3.0%. In combination with productivity and efficiency gains throughout the region, EBITDA increased by 20.8%.

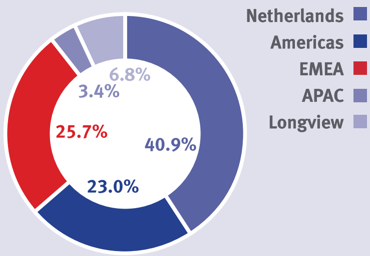
(in € million)	2008	Change	2008 at constant currencies	Change	2007
Total revenue	67.2	3.0%	67.7	3.8%	65.3
EBITDA	15.8	20.8%	15.9	22.0%	13.0
EBITDA margin	23.5%	3.5 pts.	23.5%	3.5 pts.	20.0%

Corporate costs are not included in EBITDA of the regions. Numbers include UK-based office of Longview Solutions.

Development



Revenue share



Countries with direct presence:
Austria, Belgium, Czech Republic, France, Germany, Hungary, Ireland, Italy, Kuwait, Morocco, Netherlands Antilles, Denmark, Poland, Portugal, Romania, Russia, Slovakia, South Africa, Spain, Switzerland, United Arab Emirates, United Kingdom

Product offering:
- Exact Synergy
- Exact Globe
- Exact Business Analytics
- Exact Online (Belgium)
- ProAcc (Belgium)
- Lohn XL (Germany)
- Dimoni (Spain)

PROFILE

The EMEA region operates 25 divisions in 22 countries in Europe, the Middle East and Africa. Headquartered in Delft, the region executes Exact's corporate strategy, focusing mainly on international customers, in addition to local markets in selected countries like Germany, Spain and Belgium.

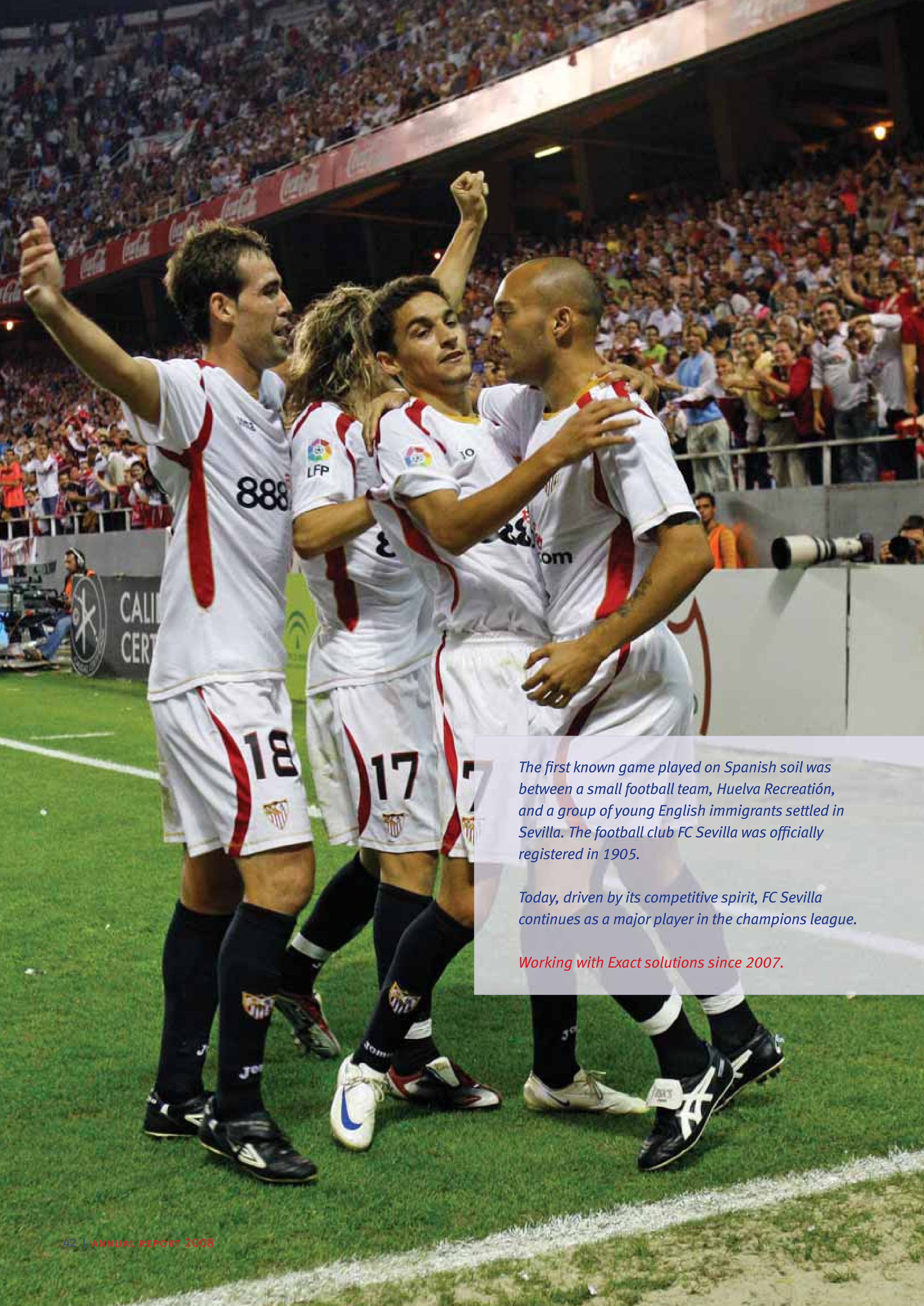
International customer strategy

The EMEA region mainly focuses on international companies – either as a second-tier supplier for smaller subsidiaries of large multinationals or as the main partner for small to medium-sized international organizations that deploy a single-tier ERP solution across all affiliates. This successful approach, the Parenting Strategy, was introduced in 2002 and has since been a major growth driver.

Exact's international solutions provide its customers with maximum standardization and uniform and rapid implementation worldwide, based on the products that have been specifically designed for small to medium-sized organizations: Exact Globe and Exact Synergy. Exact's solutions are globally available directly from and supported by a network of more than 40 self-owned subsidiaries, which creates a service infrastructure optimized for and committed to international organizations.

Local customer strategy

As a market consolidator in the ERP industry, Exact acquired local leading brands with sizeable customer bases within the EMEA region, resulting in leading market positions in Belgium, Germany and Spain.



The first known game played on Spanish soil was between a small football team, Huelva Recreatión, and a group of young English immigrants settled in Sevilla. The football club FC Sevilla was officially registered in 1905.

Today, driven by its competitive spirit, FC Sevilla continues as a major player in the champions league.

Working with Exact solutions since 2007.

As a result of the acquisitions of Cubic in 1994 and Solid Data in January 2007, Exact is the market leader in accounting software for Belgian SMBs. In addition to the international customer strategy, Belgium focuses on the lower end of the SMB market based on Exact's local product offerings and Exact Online.

Exact Germany enjoys a leading position in the SMB market with a strong foothold in the payroll solution area. Next to maintaining a commitment to its traditional payroll and international ERP applications for the SMB market, Exact is expanding further into the solution-driven, traditional mid-market with its local payroll and Exact Synergy-based HRM solution.

Exact Spain, one of the leading ERP software providers in Spain, has a strong focus on the traditional SMB market with its product line Dimoni, in addition to growing the higher mid-market segment with its corporate product lines Exact Globe and Exact Synergy, based on a direct sales model.

FINANCIAL RESULTS

With a strong focus on Exact's parenting strategy and the launch of "Exact Solutions for Challenging Times" specifically addressing the needs of companies in an economic downturn, the EMEA region was most resilient to the current business environment, resulting in the following financial achievements:

- Total revenue at constant currencies increased by 3.8% to € 67.7 million (2007: € 65.3 million).
- Organic license revenue grew by 2.5%, especially due to the success of Exact's parenting strategy focusing on international companies, which is even more compelling in challenging times.
- Exact Synergy-related revenue grew by 10.4%, representing a 15.2% contribution of total revenue.
- The organizational realignment in 2007 has led to productivity and efficiency gains throughout the region. Together with the cost-saving measures put in place in 2008, this has resulted in a substantial EBITDA increase of 20.8% to € 15.8 million (2007: € 13.0 million), representing an EBITDA margin of 23.5% (2007: 20.0%).

OPERATIONAL DEVELOPMENTS

- In addition to being further incorporated into the parenting proposition, Exact Synergy has been successfully marketed as a stand-alone solution based on industry-specific templates, especially in the Czech Republic, Spain and Belgium.
- Under the umbrella "Exact Solutions for Challenging Times" several specific solutions were already launched in summer to help customers weather a tough economic climate. These solutions address the specific challenges of small to medium-sized companies in an economic downturn and are targeted at increasing business insight and control, reducing costs, maximizing cash flow and improving customer relations.
- The UK-based office of Longview Solutions has been integrated into the EMEA region and operates as competence center to cross-sell Longview Solutions into the EMEA region. This has already resulted in several contract wins.
- Important contract wins: Del Monte Foods, Pyroban, Trinity, Consafe Logistics, Mercuri International.

Under the umbrella "Exact Solutions for Challenging Times" several specific solutions were already launched in summer to help customers weather a tough economic climate.

OUTLOOK

The EMEA region will continue to focus on solutions for challenging times and increase its activity level within its parenting strategy, which is expected to remain strong and resilient in a difficult economic environment. With a majority of revenue coming from the existing customer base, EMEA is expected to continue to benefit from a limited exposure on new business intake.

In addition, the regional management will continue to focus on EBITDA protection and cash flow, and will remain very cost prudent until clear signs of an improvement of the current economic situation are visible.

In 1980, scientist Dr. Pearse Lyons founded Alltech with $10,000 and a dream to pioneer natural yeast fermentation and enzyme technology for the animal feed industry.

Today, Alltech remains a privately held company with a strong sense of commitment to the communities in which it operates. Alltech believes in doing business in a socially responsible way by investing in local economies and developing people skills.

Working with Exact solutions since 1992.

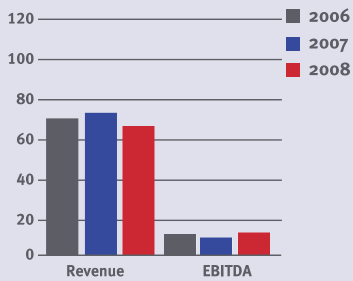
4.4 Americas

Despite a very challenging economic environment in the United States, the Americas region managed to increase EBITDA at constant currencies by 26.3%, representing an EBITDA margin at constant currencies of 21.7%.

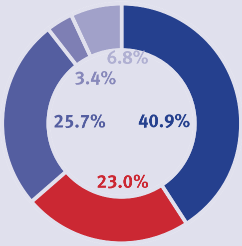
(in € million)	2008	Change	2008 at constant currencies	Change	2007
Total revenue	60.1	(8.2%)	63.8	(2.5%)	65.5
EBITDA	13.0	18.6%	13.8	26.3%	11.0
EBITDA margin	21.6%	4.9 pts.	21.7%	5.0 pts.	16.7%

Corporate costs are not included in EBITDA of the regions.

Development



Revenue share



Countries with direct presence:
Argentina, Canada, Colombia, Ecuador, Mexico, Peru, USA

Product offering:
- Exact Synergy
- Exact Globe
- Exact Business Analytics
- Exact Macola
- Exact JobBOSS (USA, Mexico)
- Exact MAX (USA)
- Siigo (South America)

PROFILE

The Americas region serves North America, Central and Latin America with a total of 17 offices. Exact has a solid reputation in the Americas for delivering products and services to the SMB and traditional mid-market.

Along with delivering its global products, Exact enjoys strong product name recognition with its local back office products Exact Macola, Exact JobBOSS, Exact Max in North America and Exact Siigo in Latin America. With over 20,000 customers, the Americas region is strategically positioned to capture the market opportunities with a combination of its local product offering and Exact's global product lines.

The Americas region has several well-known and well-positioned back office products with a strong focus on the manufacturing and distribution sectors in North America. Exact Macola is a full-suite ERP product that has been specifically designed for the distribution and manufacturing industries in the traditional mid-market. Exact JobBOSS is a product offering positioned for small to mid-sized job shops predominantly located within North America. Exact Siigo is a traditional, horizontal ERP product offering for the Latin American SMB market with a strong focus on Colombia. The local product offerings work in conjunction with Exact Synergy, providing existing and new customers with additional value through front office processes. Exact Globe targets new opportunities in the Americas as well as international customers, facilitating Exact's fast growing parenting strategy.

In 1977 Superfeet was established with the mission to 'provide more affordable orthotics to the general public'.

Superfeet's founders Dennis and Chris have been working on feet for over 45 years, and during that time period, they estimate they have personally worked on over a million pairs of feet. The company's purpose remains to make a product that creates a positive difference in all the lives they touch.

Working with Exact solutions since 1998.

The Americas region uses a multichannel sales and marketing strategy and, in addition to its own direct and indirect sales people, Exact has more than thirty-five channel partners distributed geographically. This extended network, in partnership with Exact worldwide, provides Exact with the competitive advantage of both a local touch and global reach.

FINANCIAL RESULTS

As the region where the dramatic global crisis in the financial markets began, the Americas has been hit first and most substantially. Therefore the region mainly focused on securing its existing customer base and protecting profitability and cash flow, leading to the following financial results.

- Americas was the first region hit by the deteriorating economic conditions, leading the decline in total organic revenue by 3.2%.
- Organic maintenance revenue increased by 2.1% as a result of increased focus on customer intimacy and diligent execution of customer win-back programs.
- A further organizational alignment in combination with cost-saving measures put in place early in 2008, has resulted in a substantial EBITDA increase of 18.6% to € 13.0 million (2007: € 11.0 million), representing an EBITDA margin of 21.6% (2007: 16.7%).

OPERATIONAL DEVELOPMENTS

As part of a further alignment the organizational structure has been changed from a regional, divisional model to a nationwide, functional model. This has not only led to a substantial cost reduction but allows a more effective execution of Exact's corporate strategy.

Based on this alignment and existing global strategic initiatives, new strategic growth initiatives were established in the Americas region in 2008 with a strong focus on the corporate product lines Exact Globe, Exact Synergy and Exact Business Analytics, including the introduction of Exact's parenting strategy to the region.

Exact Americas continued to pay high attention on customer intimacy to protect its substantial and loyal customer base. More than 1,100 customers and partners attending the customer conference Engage in Las Vegas in April 2008 are confirming strong customer loyalty and engagement in North America. The diligent execution of customer win-back programs contributed to an increase in maintenance revenue.

Important contract wins: ITW Sexton, American Foods Group, Ace Manufacturing, Spectrum Lighting, Eastman Industries and Neurotherm.

Based on Exact's corporate strategy, new strategic growth initiatives were established in the Americas region in 2008 with a strong focus on corporate product lines.

OUTLOOK

The Americas region will continue to focus on EBITDA protection and cash flow generation, while maintaining a high level of customer service and satisfaction to its loyal customer base. Management will remain vigilant and cost prudent until clear signs of an economic recovery are visible.

The majority of the revenues in this region are generated from its customer base and there is little exposure from new business opportunities. During the course of 2008 the corporate product lines Exact Globe and Exact Synergy were launched in the Americas and management will continue to roll out these solutions to both new and existing customers.

The idea for the Red Cross was born in a battlefield in Italy following a battle that took place in 1859. Six years later, the International Red Cross was founded and confirmed through the Treaty of Geneva. The Netherlands Red Cross was established in 1867.

The Red Cross continues with its hands-on approach in its role for the groups it supports, giving them a voice in debates on their situation, underlining their vulnerability and calling for parties to cooperate in improving their lives.

Working with Exact solutions since 2001.

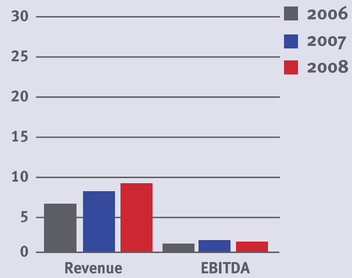
4.5 APAC

With a substantial increase in service revenue and a strong focus on Exact's parenting strategy, the APAC region was able to achieve a total organic revenue growth of 1.8% in a challenging business environment.

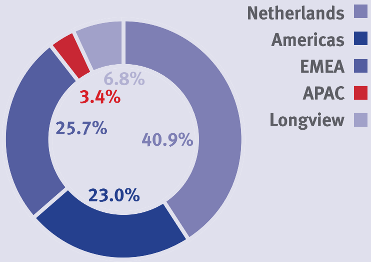
(in € million)	2008	Change	2008 at constant currencies	Change	2007
Total revenue	9.0	(0.7%)	9.2	1.8%	9.0
EBITDA	1.5	(20.0%)	1.5	(18.7%)	1.9
EBITDA margin	16.7%	(4.1 pts.)	16.6%	(4.2 pts.)	20.8%

Corporate costs are not included in EBITDA of the regions.

Development



Revenue share



Countries with direct presence:
Australia, China, Hong Kong, Indonesia, Japan, Malaysia, Philippines, Singapore, Thailand, Vietnam

Product offering:
- Exact Synergy
- Exact Globe
- Exact Business Analytics

PROFILE

With 11 offices in 10 countries the APAC region covers most key economies in Asia and Australia. Although it is the smallest of Exact's regions, since 2007 the APAC region has reported directly to corporate headquarters, enabling better corporate management focus and attention to capturing opportunities in the region. While Exact has been active within the region for fewer than 10 years, it has one of the largest direct presences among the SMB enterprise vendors in the region. Exact focuses on the SMB market, and is thus also one of the largest ERP vendors in the SMB market in many key countries in the region.

Next to local small and medium sized business, the APAC region mainly focuses on international companies – either as a second-tier supplier for smaller subsidiaries of large multinationals or as the main partner for small to medium-sized international organizations that deploy a single-tier ERP solution across all affiliates. This successful approach, the parenting strategy, has been and continues to be a key growth driver in the region.

Exact mainly sells directly to its customers in the region, with a limited number of resellers supporting Exact in geographical areas that it does not cover. Exact differentiates itself from most competitors by having local teams that are able to support customers in the local language and adapt to local culture. With its large network of offices in all key countries and its localized software offerings, Exact is ideally positioned to tap both the traditional and the extended ERP market with its business empowerment software offerings.

The idea for Boon began with a messy toddler bathtub. Rebecca Finell's wheels started turning and the Frog Pod was born.

Boon understands the importance of making the lives of parents a bit easier. This is reflected in their products and passion for entrepreneurship and modern design.

Working with Exact solutions since 2005.

FINANCIAL RESULTS

The APAC region was last impacted by the deteriorating economic and business environment, resulting in expected revenue development up to the third quarter and cost-saving measures implemented more leniently in the summer of 2008. This led to the following financial results:

- Total organic revenue increased by 1.8%, as APAC was the last region impacted by the deteriorating economic conditions.
- Service revenue increased by 15.9% as a result of strong license revenue growth in H2 2007 and H1 2008.
- Q4 revenues being below initial expectations have resulted in a lower EBITDA margin of 16.7% (2007: 20.8%)

OPERATIONAL DEVELOPMENTS

With a substantial increase in service revenue and a strong focus on Exact's parenting strategy, which is even more compelling in challenging times, the APAC region was able to continue to drive organic revenue growth.

Exact's compelling proposition for companies within an international environment has been confirmed by important contract wins across the region such as Horwath Malaysia and Senpac Industries in Malaysia, RDA Microelectronics and Smiths Interconnect Components in China and Sumicarrier in Singapore.

Based on the growth opportunities and limited risk profile of the region, cost-saving measures were implemented more leniently in summer 2008. Additional cost-saving measures to secure an improved profitability in 2009 have subsequently been taken.

The regional back office in Kuala Lumpur, Malaysia, has been strengthened by establishing a central second line customer support organization to offer better and more efficient support services to customers in the APAC region.

In November 2008 Exact submitted a public offer to purchase all shares of Orisoft Technology, a key Asian HRM software company based in Kuala Lumpur, Malaysia. The public offer was closed on January 16, 2009 after 94.64% of the outstanding shares of Orisoft were tendered to Exact. The acquisition was completed on February 27, 2009.

In November 2008 Exact submitted a public offer for the key Asian HRM vendor Orisoft Technology and the acquisition was completed on February 27, 2009.

OUTLOOK

The APAC region, which was effected last in the economic downturn, will continue to focus on EBITDA protection and cash-flow generation. As the majority of revenues in this region are generated by its loyal customer base, the APAC region has limited exposure to seeking new business opportunities.

In addition, the management will focus on the integration of the recently acquired HRM-vendor, Orisoft Technology, and seek cross-selling opportunities of their offering to its existing customers.

5. Other Company Information

5.1 Corporate Sustainability and Social Reponsibility
5.2 Share and Shareholder Information
5.3 Risk Management
5.4 Corporate Governance

5. Other Company Information

5.1 Corporate Sustainability and Social Responsibility

Exact considers corporate sustainability to be an integral part of its strategy, day-to-day business operations and management decisions. In order to ensure and continue its core objective and track record as a profitable, growing and sustainable company that produces benefits for all its stakeholders, Exact is committed to achieving the optimum balance between people, technology and profits.

By closely monitoring local, national and international developments, Exact ensures optimal and lasting corporate sustainability.

SOCIAL AND HUMAN RESOURCES STRATEGY

Exact considers its employees to be the most important resource and driving force behind achieving its objectives. In order to create an environment in which every employee is inspired to achieve personal and professional growth, Exact has formally recognized human resources as a strategic discipline throughout its organization and has formulated the HR Roadmap as an integral part of its strategic road maps. As part of the HR Roadmap, Exact completed the implementation of the new Job House in 2008 and introduced a new employee review system, which became effective as of January 1, 2009.

EXACT EMPLOYEES

Exact has a highly diverse and multicultural workforce. Of the entire workforce 60% is male and 40% is female. Exact employs 51 different nationalities, working in more than 40 countries worldwide. Of the total number of management positions, 24% is held by female employees. More than 55% of the employees are under the age of 35.

As Exact considers diversity - creating a dynamic and inspirational environment - to be one of its greatest strengths, it retains and recruits mainly local employees for subsidiaries in all the countries in which it operates. In addition, Exact offers employees and applicants equal opportunities regardless of gender, race or religion. As it is the main, international business language, the working language within Exact is English.

HEALTH AND SAFETY

The health and safety of Exact's employees has a high priority within our company. In line with this, Exact has established an active policy to ensure safe working conditions and to prevent disabilities. This policy is in line with the prevailing legal obligations resulting from the safety and work legislation in the countries in which it operates.

EDUCATION AND TRAINING

Exact considers people to be its most important resource and the driving force behind achieving its objectives. Their know-how and expertise represent an important part of its future. Exact's human resource strategy reflects its commitment to creating an environment in which every employee is inspired to achieve personal and professional growth, while leveraging his/her talents and skills to the fullest.

To this end, Exact introduced value-based recruiting in order to attract and retain people who fit Exact's culture. Once recruited, each new employee attends the Exact Insight training program, a two-to three-week training program at Exademy, Exact's Corporate Center of Learning, located in Delft, the Netherlands. In 2008 Exademy facilitated a reboarding program for the Americas region, specifically for employees that had not attended the initial training in the past.

Exact provides its employees with the opportunity to further develop their talents and skills through the education and training provided by Exademy.

Annie's Homegrown was started with the intention of making all-natural macaroni and cheese. It was co-founded in 1989 and has, since then, become a whole lot more than that.

Today, Annie still believes in handwritten responses to letters, because she understands that this one-of-a-kind communication with her fans and friends is the key to success.

Working with Exact solutions since 1994.

WHISTLEBLOWER POLICY

Effective corporate governance demands that all of Exact's employees adhere to the highest standards of ethical, moral and legal business principles and practices. In order to add substance to this aim, Exact introduced a whistleblower policy in June 2005. This policy enables and encourages employees to immediately report any (suspected) breach of any law, regulation or other internal policy or guidelines and to voice any concerns they might have regarding questionable accounting, controls or auditing. This policy also defines and safeguards the manner in which Exact addresses concerns reported by its employees, and is available at www.exactsoftware.com.

In the year under review, Exact did not receive any reports of breaches.

ENVIRONMENT

Exact fully acknowledges its responsibilities as a member of the international corporate community. As a software company, Exact's operations have only a minimal effect on the environment. Nonetheless, Exact continuously seeks to reduce any negative impact it might have on the environment. In line with this, Exact endorses the paperless office through the extensive and efficient use of Exact Synergy Enterprise as a communication and document management tool. Challenged by the Green Team established at corporate headquarters, Exact and its employees have come up with initiatives such as collecting and disposing of various waste streams like paper in a responsible manner and increasing energy efficiency within Exact. Exact frequently uses video conferences for board meetings in order to minimize traveling and has a restrictive policy on providing company cars to employees.

The development of a new corporate headquarters for Exact, which is planned for use as of 2010, symbolizes a new phase in its development as a people-oriented company. In its construction, special attention is being paid to energy efficiency and the use of sustainable materials. Since the building will be located on the grounds of the Technical University Delft, directly next to the highway, it will be easily accessible by both private and public transport.

Exact has a highly diverse and multicultural workforce consisting of 51 nationalities working in more than 40 countries worldwide.

5.2 Share and Shareholder Information

INVESTOR RELATIONS

Exact places paramount importance on good, reliable and open communications with its existing and potential shareholders, (institutional) investors, financial analysts and the media. The key objective is to provide transparency, openness and full disclosure regarding our company, the business, our financial status and our performance.

For all relevant and up-to-date information, including an interactive version of this annual report, please visit the investor relations section of Exact's corporate website (www.exactsoftware.com).

Investors can direct their questions to:
e-mail: ir@exactsoftware.com
Tel: +31 (0) 15 750 14 08

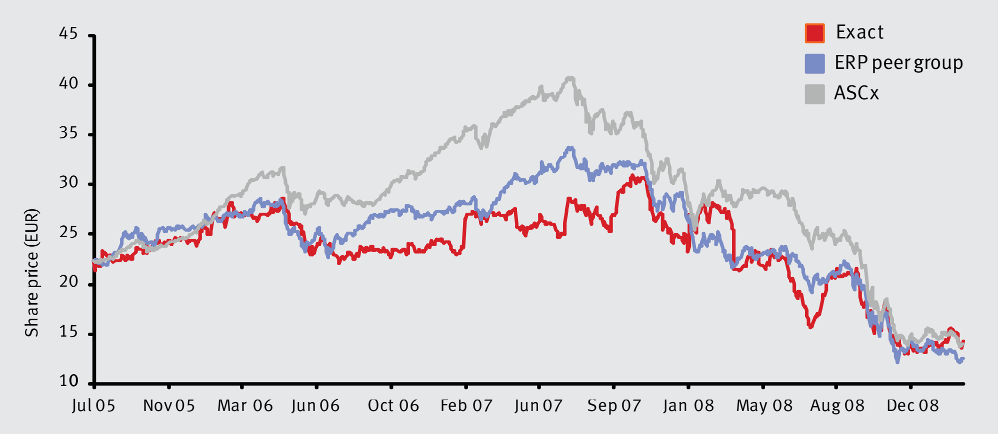
SHARES AND CAPITAL

The authorized share capital of Exact amounts to € 1,500,000, divided into 75,000,000 ordinary shares, each having a nominal value of € 0.02. As of December 31, 2008, the total number of issued shares was 24,400,405 (including registered shares). In the period between July 28, 2008 and September 24, 2008 Exact executed a share buy-back program. In this program Exact acquired 1,219,995 shares (representing 5%) in its own capital at an average purchase price of € 20.53 amounting to a total consideration of €25.1 million. The share buy-back program was executed independently on instruction of Exact by ING Wholesale Banking.

Share data	2008	2007
Information per share		
(fully diluted, in euros)		
Operating income	**2.09**	2.07
Net income	**1.54**	1.59
Operating cash flow	**2.00**	2.02
Dividend	**1.56**	1.59
Total shareholder return (TSR)	**(40.7%)**	10.1%
Shareholders' equity at year-end	**5.84**	6.78
Share price		
(in euros)		
High	**29.00**	31.00
Low	**12.51**	23.05
Year-end	**13.18**	24.77
Average daily volume	59,511	57,792
Average number of shares		
outstanding (thousands)		
Basic	**23,618**	24,032
Diluted	**23,618**	24,032
Issued	**24,400**	24,400
Outstanding shares	**22,812**	24,032
Treasury stock	**1,588**	368

HISTORIC SHARE PRICE PERFORMANCE

Share price movement 2005-2008 against peer group (Cegid, Epicor, Mamut, Sage and Unit4Agresso)



Exact now holds 1,588,056 shares of its own capital, representing 6.51%. These are non-voting shares and do not have a dividend entitlement.

The shares of Exact are listed on Euronext Amsterdam. Exact is included in the Amsterdam Small Cap Index (AScX), with a weighting factor of approximately 5.5% of the index. Based on the closing price of Exact's share on December 31, 2008, Exact has a market capitalization of € 322 million.

TOTAL SHAREHOLDER RETURN

During 2008 Exact paid € 36.5 million as a final dividend for 2007 and interim dividend for 2008, and € 25.1 million for the share buy-back program, thereby returning € 61.6 million to its shareholders.

The total shareholder return for 2008 amounted to -40.7% (2007: 10.1%). For the period July 2005—February 2009 the total shareholder return amounted to 15% compared to an average of the peer group over the same period of -36%.

DIVIDEND POLICY

In view of Exact's continually positive cash flow and liquidity position, and taking into account the expected growth and acquisition strategy, Exact's dividend policy is based on a 100% net payout in any year in which Exact does not execute a material acquisition.

In August 2008 Exact paid an interim dividend of € 0.69 per share. At the Annual General Meeting of Shareholders on April 23, 2009, a final dividend of € 0.87 shall be proposed to shareholders, amounting to a total dividend of € 1.56 for 2008.

Based on this dividend proposal, the dividend return based on year-end share price amounts to 11.8%.

DISCLOSURE OBLIGATION FOR MAJOR SHAREHOLDERS

Pursuant to the Act on the Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions (Wmz 2006), legal and natural persons who achieve a capital interest and/or voting rights of 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95% by acquiring or transferring securities in a listed limited liability company, or whose capital or interest exceeds or falls below such levels, are required to disclose this to the Dutch Authority for Financial Markets (AFM).

Shareholders holding more than 5% of the listed shares:

A.R. van Nieuwland	15.7%
E. Hagens	14.9%
M.J. Dekker	13.9%
Aviva plc	7.5%
Exact Holding N.V.	6.5%
Delta Deelnemingenfonds	6.1%

As a member of the Board of Managing Directors, Exact's CEO Rajesh Patel holds 33,392 shares in the capital of Exact (0.14% of total listed shares).

The members of the Supervisory Board do not hold any shares in the capital of Exact.

FINANCIAL CALENDAR 2009

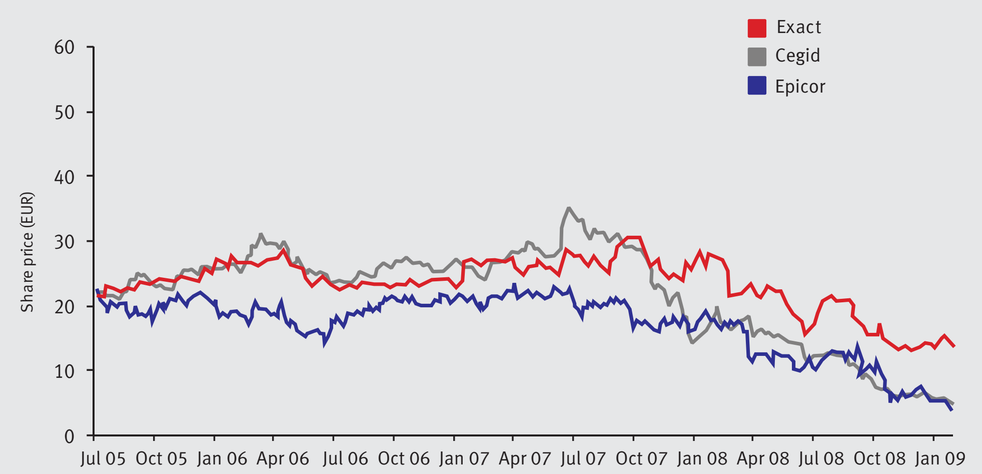
Annual General Meeting of Shareholders	April 23, 2009
Ex-dividend date	April 27, 2009
Record date	April 29, 2009
Dividend available for payment	May 31, 2009
Publication half-year results	July 23, 2009

During 2008 Exact returned a total of € 61.6 million to its shareholders.

HISTORIC SHARE PRICE PERFORMANCE

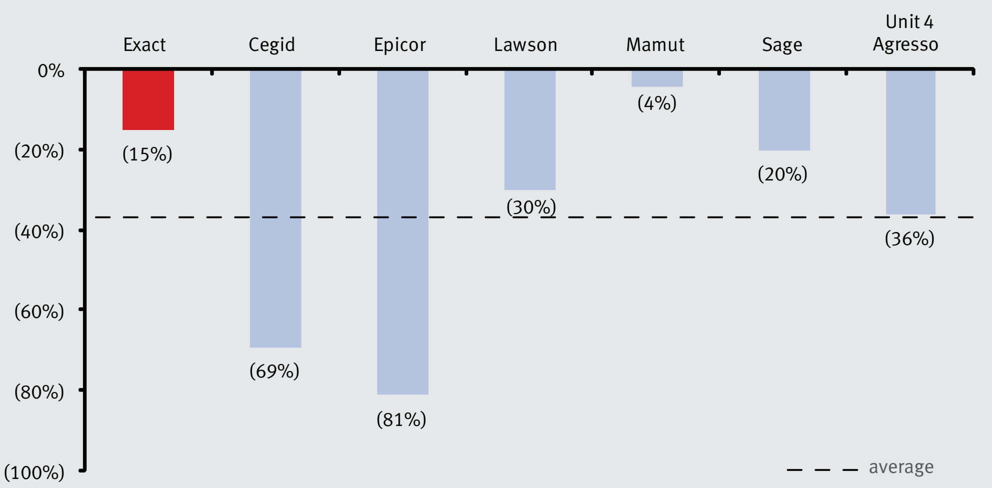
The development of Exact's share price over the same period compared to the development of the share prices of the individual ERP peer group is demonstrated in the figure below.

ERP peer group



The total shareholder return of Exact over the same period compared with the individual companies in the ERP peer group demonstrates that the total shareholder return of Exact is significantly better than average total shareholder return in the ERP peer group (figure below).

Total Shareholder Return[1)] in the ERP peer group



1) Over the period July 29, 2005 until February 27, 2009

5.3 Risk Management

GENERAL

Exact's Board of Managing Directors is responsible for the design and operation of Exact's risk management and internal control systems. The purpose of these systems is to enable Exact to adequately manage the significant risks to which it is exposed.

Based on the Transparency Directive (2004/109/EC), which is effective as per January 1, 2009 for stock exchange listed companies in the Netherlands, the Board of Managing Directors has the obligation to disclose the main risks and uncertainties to which the company is exposed.

Exact uses its own software (Exact Globe and Exact Synergy) at virtually all of its worldwide subsidiaries. This software enables management to monitor and authorize all operational, financial, legal and human resource-related transactions from its employees on a real-time basis from anywhere in the world. In addition to quantitative information, Exact Synergy also provides qualitative management information related to the development of the prospect portfolio and the planning/capacity usage of consultants.

Furthermore, Exact has structured its risk management and control systems in such a way that:

- every region and business unit has sufficient insight into its market position, clarity about strategy and financial/operational goals to be achieved;
- reliable and timely information is obtained about the state of affairs in the different regions and business units;
- the assets and resources of Exact are properly managed;
- sufficient control information (performance indicators) is obtained to assess and improve the effectiveness and efficiency of its primary processes;
- monthly reporting is monitored in detail via month-end checklists that are reviewed by regional controllers and financial group management;
- Exact obtains early insight into the quality, availability and development needs of (key) staff members.

Exact has developed guidelines and procedures for financial reporting, budgeting and planning processes, risk management, treasury and human resource management. These guidelines and procedures are periodically reviewed and revised when necessary. Exact trains its employees to implement and comply with these guidelines and procedures.

The financial statements of Exact and its subsidiaries are regularly audited by external auditors on the basis of "International Standards on Auditing". The external auditor periodically reports and discusses its findings with the Audit Committee and Supervisory Board.

KEY RISKS AND UNCERTAINTIES

The key risk areas and uncertainties Exact is faced with, as well as their related controls are outlined below.

STRATEGIC RISKS

Business climate

Exact's revenue is derived from the sale of licenses, maintenance contracts and services. The business climate and the related willingness to invest have an immediate impact on the number of new licenses and the related maintenance contracts and services. The revenues from maintenance contracts are recurring and less susceptible to changes in the business climate. At present some 50% of total revenues comes from maintenance contracts, which makes Exact less vulnerable to business climate changes.

It is a fact that the economic crisis, which materialized during 2008, had an impact on Exact's business in 2008. It is uncertain and unknown how deep the impact on the SMB market will be and how long this period will last before the global economy recovers. However, in early 2008 Exact's management foresaw that the financial crisis could affect Exact's revenues and decided to introduce cost prudency measures, which were implemented in July and August 2008. As it is virtually impossible to predict when the global economy and business confidence will improve, Exact's management will continue to be cost prudent during 2009.

Competitive position

Exact operates in a consolidating industry with several larger competitors. The competitive position of Exact depends on its ability to develop and market distinctive products. It is vital to be successful, otherwise Exact could lose market share, which would in turn result in declining revenues over time.

Exact therefore concentrates on a number of products that it has developed. Ease of implementation, connectivity, low total cost of ownership and reliability are key drivers.

Concentration risk

A balanced spread of turnover and profit from various countries and markets is important in order to avoid being too dependent on certain countries or markets. Exact generates a significant part of its revenues in the Netherlands. Consequently, issues that negatively impact Exact's reputation in the Netherlands could have a material impact on its overall revenues. Strict quality control measures and customer service programs have been implemented to mitigate this risk. Furthermore, it is Exact's strategy to grow in other geographical markets.

Acquisitions

The growth that Exact wants to achieve partly depends on acquisitions. In general, acquisitions involve greater risk than organic growth. Exact is endeavoring to limit these risks as far as possible through careful selection of candidates and through detailed analysis and evaluation during the acquisition process. A multidisciplinary project team ensures the swift and efficient integration of new acquisitions. Acquisitions will only be done in line with Exact's stated acquisition policy and should provide leverage for Exact's core products: Exact Globe, Exact Synergy and Exact Online.

OPERATIONAL RISKS

Product development

As a software company, Exact's future lies with its ability to continue developing world-class software. To align its products better to the needs of its customers, future market opportunities and opportunities in terms of functionality or technology, Exact has a dedicated Product and Technology Board. New market developments are closely monitored by the research centers in Delft and Silicon Valley.

Human resources

While delivering (software) solutions for its customers is Exact's central objective, Exact recognizes that its employees are its most valuable resource. Loss of key employees can significantly impact performance. Exact provides a broad training program and excellent career opportunities in order to retain employees.

Customer satisfaction

Customers do not just want software; they are expecting a business solution. Realizing the expected solution is the key to customer satisfaction. Risk of inability to realize anticipated solutions might result in the loss of future orders and non-payment. To mitigate this risk, Exact uses a standard implementation methodology.

FINANCIAL RISKS

Currency risk

Exact's financial statements are in euros. Exact, however, operates with subsidiaries throughout the world. This causes the Company to be subject to fluctuations between the reporting currency and the different functional currencies of the various non-euro subsidiaries. An important part of Exact's result is realized in US dollars. During 2008 Exact's financial result was also impacted by other currencies, such as the Malaysian ringgit and the UK pound. If deemed necessary, Exact uses financial instruments to protect its results and equity as much as possible. Although in 2008 Exact generated approximately 24.7% of its revenues in US dollars, the impact of US dollar exchange rate fluctuations on EBITDA and net income was limited because of a natural hedge through expenses in US dollars and expenses in currencies fluctuating in line with the US dollar. For 2008 a change of € 0.01 in the euro-to-dollar exchange rate had an effect of approximately € 0.9 million on total revenue, € 0.9 million on the intangible fixed assets, € 0.2 million on the trade receivables and € 0.3 million on the deferred revenue balance position.

Tax risk

As an international group, Exact has significant cross-border transactions. As a result of more complex transfer price legislation, there is a chance that Exact may not always be operating in line with local legislation. Exact believes that current provisions adequately cover possible exposure.

Financing

Exact has a strong balance sheet and freely available cash resources in excess of € 44.7 million, despite payout of the final dividend for 2007 and interim dividend for 2008, and the execution of a share buy-back program during 2008. This strong balance sheet, coupled with the historically strong operational cash flows, means that Exact believes it currently has no financing risk. Nevertheless, Exact has secured credit facilities with two major banks, of € 20 million and US$ 7 million, which have not been used.

Litigation risks

Exact is involved in a number of legal proceedings. Although Exact believes it has sound legal grounds to defeat all these claims, it has established sufficient provisions to cover possible future exposure.

Please note that this overview of risk factors is not exhaustive and that Exact may be subject to significant other risks that have not yet been identified or have been assessed as not having a potentially significant impact on the business, but which at a later stage could materialize as such.

Management review

The Board of Managing Directors regularly discusses internal risk management and control systems with the Audit Committee of the Supervisory Board. In evaluating its risk management and control systems, Exact uses the COSO Enterprise Risk Management Framework as a reference. In addition, Exact has an independent Internal Audit Department, which reports directly to the CEO and the Chairman of the Audit Committee of the Supervisory Board.

The Board of Managing Directors believes that Exact's internal risk management and control system provides reasonable assurance that:

- there is an overview of the extent to which Exact's strategic and operational objectives are being achieved;
- Exact's internal and external (financial) reporting is reliable;
- Exact complies with applicable laws and regulations.

There are no indications that the risk management and internal control systems will not work properly in the current year.

Although in 2008 Exact generated approximately 24.7% of its revenues in US dollars, the impact of exchange rate fluctuations on EBITDA and net income was limited because of a natural hedge through expenses in US dollars and expenses in currencies fluctuating in line with the US dollar.

Nevertheless, the Board of Managing Directors has initiated a project to review the internal risk management and control systems currently in place and, where necessary, make recommendations for improvement. Several functional disciplines are represented in this project team and the project focuses on the processes, structure and validity of the internal systems.

It is important to note that the proper design and implementation of a risk management and internal control system significantly reduces but cannot fully eliminate the possibility of poor judgment in decision making, human error, control processes being deliberately circumvented by employees and others, management-overriding controls and the occurrence of unforeseeable circumstances. Another limiting factor is the need to consider the relative costs and benefits of risk responses.

A properly designed and implemented risk management and internal control system will therefore provide reasonable but not absolute assurance that a company will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business. In this context, reasonable assurance refers to a degree of certainty that would be satisfactory for a prudent manager in the management of his affairs under the given circumstances. Projections of any evaluation of effectiveness to future periods are subject to the risk that internal controls may become inadequate because of changes in conditions, or that the degree of compliance with Exact's standing policies, procedures and instructions may deteriorate.

Liquidity risk

Due to strong fundamentals and the underlying cash flow generative nature of our business, Exact aims to maintain flexibility in funding by keeping sufficient cash and cash equivalents at hand. In addition to the Company's strong cash balance and historically strong cash flows we see limited liquidity risks in the near future. In addition to our cash balance and cash flows, Exact has secured facilities in place with a number of leading banks.

Due to the current economic turbulence and its effect on leading financial institutions across the globe, the Management Board frequently evaluates the stability of the banks where the Company's access cash is deposited and if necessary based on market conditions, transfers the cash balance to other banks that are deemed more stable or secure. The Management Board does look at credit ratings from external sources but does not rely on these exclusively.

Shareholder risk

Exact has a concentrated ownership, with 64.6% of the outstanding shares held by shareholders that hold more than 5% of the Company's shares (see chapter 5.2 of the annual report). This results in a limited free float of shares on the stock market and relatively low trading possibilities for other shareholders.

5.4 Corporate Governance

COMPLIANCE WITH THE DUTCH CORPORATE GOVERNANCE CODE

Exact acknowledges that good corporate governance is in the best interest of Exact and all of its stakeholders. The commitment of Exact to adhere to the present-day principles of corporate governance, which were adopted by the Annual General Meeting of Shareholders in 2005 and outlined in detail in the Annual Report 2005, was therefore maintained and left unabridged in 2008. Exact has reviewed the recommendations of the Monitoring Committee Corporate Governance Code ("the Code") and has adopted the new regulations where necessary.

Exact's corporate website (www.exactsoftware.com) contains the following information and documentation as prescribed in the Code:

- Articles of Association of Exact Holding N.V.
- Regulations for the Board of Managing Directors
- Regulations for the Supervisory Board and its Committees
- Profile and composition of the Supervisory Board
- Composition of the Committees
- Remuneration Report
- Whistleblower regulations
- Regulations for ownership and transactions in shares
- Minutes of the General Meetings of Shareholders

Exact has implemented the Code with due allowance for its status as a relatively small listed company and the need for efficient working procedures. As a result, a small number of best practices have not been adopted by Exact, for reasons explained hereunder.

II.1.3: For further information with respect to internal risk management and control mechanisms, please see the 'Financial Reporting and Risk Management' chapter. Exact is in the process of drafting a code of conduct, which will be published on its corporate website.

II.2.3: Three years after the conditional shares have been awarded to the Board of Managing Directors (in 2006), in accordance with the long-term remuneration plan, these shall be considered as unconditional, depending on the realized performance.

II.2.6/III.7.3: The members of the Board of Managing Directors and the Supervisory Board do not see the added value of a quarterly report by the Board of Managing Directors of the securities that they own in other listed Dutch companies and changes thereof. The managing directors do not ascertain - based on their position within Exact - a close relationship with large financial networks or institutions, which could lead to a potential risk of obtaining inside information on other listed Dutch companies. Insofar as the managing directors do obtain inside information on other Dutch listed companies, the managing directors are bound to the general legal obligations with respect to insider knowledge. From that perspective, the Board of Managing Directors and the Supervisory Board do not see added value in a separate reporting by the managing directors, of ownership and changes thereof in other listed Dutch companies.

Under the regulations for ownership and transactions in shares, the members of the Board of Directors and the Supervisory Board report the securities they hold and changes thereof in companies that are established in the Netherlands and are quoted on the Amsterdam stock exchange to the compliance officer one month after the end of a calendar year.

II.2.10.g and II.2.11: Exact does not disclose all the criteria for the remuneration of the Board of Managing Directors, as some criteria are considered competition-sensitive information. For further information on the remuneration policy for the Board of Managing Directors as well as the functioning of the Remuneration Committee of the Supervisory Board, please see the chapter "Report of the Supervisory Board".

III.3.6: The Supervisory Board's retirement schedule currently equals the term of office since all members were appointed on January 25, 2005. Their current term of office expires in 2009.

EXPLANATORY NOTES ON ARTICLE 10 OF THE TAKEOVER DIRECTIVE

Pursuant to the Implementing Decree of April 5, 2006 relating to Article 10 of Directive 2004/25/EC on takeover bids of April 21, 2004 of the European Parliament and the Council of the European Union, Exact includes the following explanatory notes:

As at December 31, 2008 Exact had issued 24,400,405 ordinary shares, including 7,372,378 registered shares. Exact holds 345,268 registered shares and 1,242,788 bearer shares in its own capital, which are all non-voting and do not have a dividend entitlement. There is only one type of ordinary share and no share certificates are issued. The Articles of Association do not provide for any limitation of the transferability of the (registered) ordinary shares.

Significant direct and indirect shareholdings are set out in the "Share and Shareholder Information" chapter, under the section "Disclosure obligation for major shareholders".

No securities with special control rights have been issued.

Exact currently does not hold any employee share scheme in which the control rights are not exercised directly by the employees.

The voting right is not subject to any limitation. All shares (both ordinary and registered) entitle the holder to one vote per share.

No agreement has been entered with any shareholder that could give rise to any limitation on the transfer of shares and/or voting rights.

The appointment, suspension and discharge of the members of the Board of Managing Directors and Supervisory Board are set out in article 11 and 14, respectively, of the Articles of Association, respectively. The procedure for amendment of the Articles of Association is set out in article 25 thereof. The Articles of Association are published on the corporate website (www.exactsoftware.com).

By virtue of article 8 paragraph 1 and article 9 paragraph 3, respectively, of the Articles of Association, in the General Meeting of Shareholders of April 24, 2008 the Board of Managing Directors was assigned as the authorized body to issue shares, and respectively repurchase shares for a period of 18 months.

The long-term incentive plans for the managing directors provide for a change of control clause.

Any severance payments due to termination of the employment of managing directors following a public takeover bid are maximized to an amount of two years' fixed salary.

6. Report of the Supervisory Board

6.1 The Members of the Supervisory Board
6.2 Report of the Supervisory Board

6. Report of the Supervisory Board

6.1 The Members of the Supervisory Board

Erik van de Merwe (Chairman)
Gender: Male
Date of birth: December 30, 1950
Profession: independent advisor
Formerly: Chairman of the Board of Managing Directors of Fortis Bank Nederland and MeesPierson, CFO of Fortis Bank (until December 2000)
Nationality: Dutch
Date of initial appointment: January 25, 2005
Current term of office: 4 years

Other positions:
- Chairman of the Supervisory Board of Fornix BioSciences N.V.
- Chairman of the Supervisory Board of GWK Travelex N.V.
- Chairman of the Supervisory Board of Achmea Bank Holding N.V.
- Chairman of the Supervisory Board of Staalbankiers N.V.
- Chairman of the Supervisory Board of Welke Beheer B.V.
- Chairman of the Supervisory Board of INEOS NOVA Netherlands B.V.
- Member of the Supervisory Board of Eureko B.V.
- Member of the Supervisory Board of Fortis Bank Nederland N.V.
- Member of the Supervisory Board of Mizuho Corporate Bank (Netherlands) N.V.
- Member of the Advisory Board of the Nederlandse Brandwonden Stichting
- Member of the Sijthoff Prijs jury (the prize for the best annual report by a listed company in the Netherlands)
- Member of the Advisory Board of Euro Tissue Bank
- Member of the Board of “Vereniging Achmea”
- Member of the “Curatorium Corporate Compliance” of the “Vrije Universiteit Amsterdam”

Hans de Boer
Gender: Male
Date of birth: January 17, 1955
Profession: entrepreneur and independent advisor
Formerly: Chairman of Koninklijke Vereniging MKB-Nederland, Chairman of the government Youth Unemployment Task Force, Partner of KPMG Bureau voor Economische Argumentatie
Nationality: Dutch
Date of initial appointment: January 25, 2005
Current term of office: 4 years

Other positions:
- Chairman of the Supervisory Board of Sperwer Groep
- Chairman of the Supervisory Board of ARBONED N.V.
- Chairman of the Supervisory Board of Meerlanden N.V.
- Chairman of the Advisory Board of LSI project investment N.V.
- Chairman Rotterdam Central District development and marketing cooperation
- Chairman Innovationplatform United Services Group B.V.
- Member of the Supervisory Board of Fornix Biosciences N.V.
- Member of the Supervisory Board of Siemens Nederland N.V.
- Member of the Supervisory Board of Chamber of Commerce Netherlands
- Member of the Supervisory Board of PMT
- Member of the Advisory Board Zorgverzekeraars Nederland
- Member of Innovationplatform of the Dutch Government
- Initiator and Board Member of De VakColleges
- Initiator and Member of Advisory Council of Governance Support B.V.
- Consultancy and negotiation projects on ad hoc basis

Rob Bonnier
Gender: Male
Date of birth: May 3, 1943
Profession: independent advisor
Formerly: CFO of N.V. Koninklijke KNP BT
Nationality: Dutch
Date of initial appointment: January 25, 2005
Current term of office: 4 years

Other positions:
- Chairman of the Supervisory Board of various Orange Funds (specialized investment funds of Kempen & Co)
- Chairman of the Supervisory Board of DSB Bank N.V., DSB Schade N.V. and DSB Leven N.V.
- Chairman of the Supervisory Board of PCM Uitgevers B.V.
- Member of the Supervisory Board of Ontwikkelingsmaatschappij Oost Nederland N.V.
- Member of the Board of Foundation for Management of Preferred Shares in Wolters Kluwer N.V.
- Member of the Board of Stichting Van der Molen Holding

All members of the Supervisory Board perform their duties independently and not as a representative of any group or organization, and as such, each member is independent within the meaning of best practice provision III.2.1 of the Dutch Corporate Governance Code.

6.2 Report of the Supervisory Board

GENERAL

We hereby submit the Annual Report 2008 of Exact Holding N.V. The annual accounts have been prepared by the Board of Managing Directors of Exact and have been audited and certified by Ernst & Young Accountants.

The Supervisory Board recommends the General Meeting of Shareholders to approve and adopt the Annual Accounts 2008, including the profit appropriation and dividend distribution, and to discharge the members of the Board of Managing Directors and Supervisory Board for 2008.

The year 2008 has been challenging for Exact and its stakeholders in many ways. In January 2008 Exact confirmed, based on rumors in the market, that discussions with investment firms were scheduled and that these discussions might lead to a transaction involving all or part of the outstanding shares. Exact's management has had a number of meetings with investment firms. Various meetings and informal consultations between the Supervisory Board and the Board of Managing Directors as well as with a number of advisors took place, which absorbed a significant amount of management time, especially in the first months of 2008. However, the Board of Managing Directors and Supervisory Board and some of the larger shareholders of Exact concluded in March 2008 that due to worsening financial markets conditions further discussions were without merit and announced that to the public. Under the applicable provisions of the Financial Markets Supervision Act the Company has an obligation to inform its shareholders forthwith once the Company receives from a third party a concrete offer. The fact that Exact did not provide such information to its shareholders clearly indicates that the discussions with investment firms never reached the stage of a concrete offer.

After termination of the discussions, the Supervisory Board continued with its tasks and responsibilities in the supervision of the Company's strategy, execution, governance and related responsibilities. In addition, the Supervisory Board continued to seek candidates to strengthen the composition of the Board of Managing Directors. The Supervisory Board has on various occasions confirmed its satisfaction of the management team and the fact that the team has made significant improvements over the last years in terms of definition of strategy, the execution of it and its related results.

Nevertheless, the Supervisory Board believes that it is in the interest of the Company, as a publicly listed organization, to strengthen the composition of the Board of Managing Directors. During 2008 various candidates were approached and interviewed. Most candidates had doubts, because of the uncertainty of the position of the larger shareholders, whether or not to dispose of their shareholdings, which were confirmed in the process the Company went through at the beginning of the year.

Despite numerous efforts, no suitable candidates could be found, which disappointed the larger shareholders as well as the Supervisory Board. This issue remains one of the priorities to be addressed.

During the last year the relationship between the Supervisory Board and some of the Company's larger shareholders entered an impasse that needed to be resolved. The current Supervisory Board was appointed at a time when the Company had been through a period of turbulence. Over the last four years the Company has defined a clear strategy, had strong execution and delivered results in line with our expectations. This, combined with the impasse and our responsibilities with other boards in these harsh economic times, has led us to conclude that under the current circumstances it is not in the interest of the Company for us to continue for a further four-year period and thus we have not nominated ourselves for reappointment.

We are confident that under the current management, and with the defined strategy and the Company's execution capability, the organization is entering a new phase of its existence and is thus ready for a new Supervisory Board to take over our responsibilities, under the current circumstances. We thank our CEO Rajesh Patel for the constructive and professional cooperation with the Supervisory Board over the last four years and wish him continued success.

In the General Meeting of Shareholders on April 23, 2009, new candidates will be nominated for the Supervisory Board.

BUSINESS PERFORMANCE

Exact announced in July 2008 solid half year results in terms of revenue and profitability.

Although in the first half of 2008 Exact's business did not show noticeable signs of an impact by the financial markets crisis, the Board of Managing Directors had been preparing for a possible downturn in the economic climate and prepared a general cost prudency program and concrete action plans for each region that could be executed immediately. The Board of Managing Directors decided to execute in August 2008 based on the plans of the regions a full global vacancy stop and a further cost prudency on travel, general expenses and replacement of assets.

Exact was one of the first companies to plan, prepare and execute cost saving measures, and being early gave the company time to prepare and diligently execute the plans without panic and without resorting to forced layoffs. In the period between August and December 2008, the global headcount was reduced by almost 10%, to less than 2,500 per December 31, 2008.

The first signs that the financial markets crisis affected other companies came in the last days of September 2008, during which the financial markets and stock prices plummeted and the global economy almost came to a standstill. Exact felt a noticeable impact in the October results, especially in the intake of new licenses and gave a trading update with an amended guidance to the market in November 2008. Although impacted by the worsened economic climate, especially in the fourth quarter, the company reported full year results and EBITDA above guidance and 2% above the EBITDA of 2007.

Next to these developments Exact concentrated on a diligent execution of its corporate strategy protect, grow and acquire. In line with this strategy, the Americas regions was restructured and fully aligned with the corporate strategy during the first half of 2008. Next to introducing corporate products Exact Synergy and Exact Globe and global initiatives like the parenting strategy, the organization structure of the Americas region was transformed in a functional model. The 2008 results of the Americas region, especially in terms of profitability, clearly demonstrate the success of this reorganization and realignment. The corporate products and initiatives, launched in 2008 in the Americas region, are expected to drive growth further in 2009.

Exact made no acquisitions during 2008, but did announce in November 2008, the public offer on all outstanding shares in Orisoft Technologies ("Orisoft"), a company listed on the Malaysian stock exchange. The public offer was successful and Exact acquired Orisoft in January 2009. The acquisition and delisting of the shares on the Malaysian stock exchange was completed in February 2009.

FINANCIAL PERFORMANCE

The Supervisory Board is pleased to see a continued growth in revenue to € 261.0 million and a growth of EBITDA to € 58.2 million in 2008. Despite the difficult and deteriorating economic climate, Exact has again clearly demonstrated that it generates a continuously strong and sustainable cash flow, while maintaining a very strong balance sheet, even after paying out € 36.5 million as final dividend 2007 and interim dividend 2008 and paying € 25.1 million on a share buyback program. Especially in the current uncertain economic climate, the virtually debt-free balance sheet in combination with Exact's ability to convert cash into profits, has put the Company in a healthy position to weather the challenges of the uncertain economic circumstances and wait and prepare for a possible rebound.

Exact was one of the first companies to plan, prepare and execute cost saving measures, which gave the company time to prepare and diligently execute the plans without panic and without resorting to forced layoffs.

The share buyback program was executed between July 28 and September 24, 2008, based on the authorization granted by the General Meeting of Shareholders on April 24, 2008 and approval of the Supervisory Board. The program resulted in Exact acquiring 1,219,995 of its own shares, representing 5.0% of its share capital. The shares will be held in treasury for general company purposes, including but not limited to acquisitions. The shares that Exact holds in its own capital are non-voting and are non-dividend entitled, which resulted for 2008 in a one-time effect, where the earnings per share amounted to € 1.54 and the proposed dividend per share amounted to € 1.56.

In line with the dividend policy, Exact distributes 100% of its net income in a year in which it did not execute a material acquisition. Therefore, the Board of Managing Directors will propose to the Annual General Meeting of Shareholders a final dividend payout for 2008 of € 0.87 per share, amounting to a total dividend for 2008 of € 1.56 per share.

SUPERVISORY BOARD MEETINGS

During the year under review, the Supervisory Board held six meetings with the Board of Managing Directors according to a fixed schedule. In addition various telephone conferences and a significant number of consultations with the Board of Managing Directors were held. These consultations related to the process with the investment firms as described earlier, as well as to discussions on possible extensions of the Board of Managing Directors and Supervisory Board and the relationship with the larger shareholders.

Next to the usual topics, such as a general update on Exact's business and organization; the financial reporting process and the financial results in relation to the budget, forecast and guidance, the Supervisory Board paid specific attention in 2008 to the internal management control, risk management and reporting structure. We also discussed M&A proposals with the Board of Managing Directors - especially the public offer on Orisoft. With regard to the corporate infrastructure and company strategy, plans and roadmap updates were presented to us in detail and were agreed upon between the Supervisory Board and the Board of Managing Directors.

Apart from the topics mentioned before, the Supervisory Board addressed and decided on the topics that were reported by its committees. Those topics have been included in the committee sections of this chapter.

PERFORMANCE EVALUATION

In a meeting without the presence of the Board of Managing Directors, the Supervisory Board reflected on its profile and composition, as well as its functioning and that of its individual members. At the same meeting the performance of the Board of Managing Directors as a whole and of its individual members was reviewed.

INDEPENDENCE

The Supervisory Board confirms that all of its members are independent within the meaning of best practice provision III.2.1 of the Dutch Corporate Governance Code ("the Code").

CORPORATE GOVERNANCE

Information about each member of the Supervisory Board as required by the Code is presented on page 65 of this annual report, while a special "Corporate Governance" chapter is presented on page 62.

During 2008 there were no (potential) conflicts of interest between the Company and a member of the Supervisory Board reported, as meant in best practice III.6.1 – III.6.3 of the Code.

None of the members of the Supervisory Board has been frequently absent during meetings, including the meetings of the Supervisory Board committees, as meant in best practice III.5 of the Code.

The views of the Board of Managing Directors and the Supervisory Board concerning corporate governance remained unchanged in the past year.

INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS

During consultations with the Board of Managing Directors, the Audit Committee and the external auditor, the structure and operation of the internal risk management and control systems were discussed. The conclusions with regard to this can be found under the "Risk Management" section of this annual report.

REPORT OF THE AUDIT COMMITTEE

MEMBERS OF THE AUDIT COMMITTEE

Rob Bonnier – Chairman
Erik van de Merwe

The Audit Committee's tasks comprise ascertaining that Exact maintains adequate procedures and control systems in order to manage the financial and operational risks to which it is exposed, as well as to oversee the integrity of its financial reporting.

During the year under review, the Audit Committee met four times. All these meetings were attended by Exact's external auditor, Ernst & Young Accountants. The Internal Audit Department attended one meeting. Main subjects handled by the Audit Committee were the financial statements for the year 2008, the 2008 interim financial statements, risk management, the results of the internal control audits and information and IT security. In addition, the following other topics were reviewed: the financial position of Exact, taxes, treasury, the draft annual report 2008, the Ernst & Young management letter 2008, the internal audit scope 2008 and the external audit scope for 2009 and the follow-up of the recommendations of the Audit Committee. The Audit Committee, together with the Board of Managing Directors, would like to thank Ernst & Young Accountants for the excellent cooperation.

REPORT OF THE REMUNERATION COMMITTEE

MEMBERS OF THE REMUNERATION COMMITTEE

Hans de Boer – Chairman
Erik van de Merwe

The Supervisory Board of Exact is responsible for the development of the Remuneration Policy and the remuneration for individual members of the Board of Managing Directors. The Supervisory Board has appointed from its members a Remuneration Committee, which makes recommendations to the Supervisory Board and acts independent of the Board of Managing Directors.

In accordance with the applicable provisions of the Articles of Association of Exact, the current Remuneration Policy of Exact was adopted on June 30, 2005 by the General Meeting of Shareholders, as the general policy with regard to the remuneration of the members of the Board of Managing Directors. The Articles of Association further determine that the Supervisory Board shall set the remuneration of the managing directors, as well as the other terms of their employment, in due observance with the Remuneration Policy as determined by the General Meeting of Shareholders.

During the year under review, the Remuneration Committee met two times. In these meetings the final variable remuneration (i.e. the short-term bonus) for 2007 of the members of the Board of Managing Directors on the basis of the quantitative and qualitative criteria was determined. Furthermore, the Remuneration Committee advised the Supervisory Board on the quantitative and qualitative criteria for the (variable part of the) remuneration of the members of the Board of Managing Directors for 2008.

SHORT-TERM INCENTIVE PLAN 2008

Based on the realization of the financial and non-financial performance criteria under the short-term incentive plan for the Board of Managing Directors for 2008, the Company paid € 220,035 to the Board of Managing Directors, as further detailed in point 7.24 of this annual report.

LONG-TERM INCENTIVE PLAN 2006-2008

The General Meeting of Shareholders adopted in their meeting of June 30, 2005 the Long-Term Incentive Plan for the members of the Board of Managing Directors, which became effective as of January 1, 2006. Based on the achievement of certain revenue and profit margin targets per December 31, 2008, a number of the 12,332 performance shares conditionally awarded to the members of the Board of Managing Directors per January 1, 2006 would vest per December 31, 2008. The Supervisory Board has determined that for each member of the Board of Managing Directors 2158 shares have vested per December 31, 2008.

SHORT-TERM AND LONG-TERM INCENTIVE PLANS 2009

On the Short-Term Incentive Plan 2009 as well as the Long-Term Incentive Plan 2009-2011, the Remuneration Committee requested advice from Towers Perrin as independent advisor to the Remuneration Committee. Towers Perrin evaluated the current remuneration structure and advised on amendments to the structure. The Supervisory Board has approved and adopted the proposal from Towers Perrin. The proposal for amendments to the Short-Term Incentive Plan does not constitute a material change of the Remuneration Policy and is therefore not subject to approval by the General Meeting of Shareholders. As the proposed new Long Term Incentive Plan consists of a share based performance incentive, this proposal will be submitted for approval to the General Meeting of Shareholders.

The remuneration structure for the members of the Board of Managing Directors as of January 1, 2009 will be as follows, subject to approval of the Long-Term Incentive Plan by the General Meeting of Shareholders.

REMUNERATION POLICY 2008

Per July 1, 2005, the current Remuneration Policy for the Board of Managing Directors was introduced to reflect important internal developments at that time. These developments included a new composition of the Board of Managing Directors, which no longer included any founding parties or any significant shareholders, and the introduction of the 2005-2008 strategic plan.

The remuneration package of the Board of Managing Directors consists of a fixed component, which entails an annual base salary, and a variable component. The variable part consists of a cash-based annual bonus related to the previous year's performance and a 'one-off' conditional grant of performance shares in 2006 linked to the long-term performance.

(PROPOSED) REMUNERATION 2009

BASIS OF ASSESSMENT

At the introduction of the Remuneration Policy in 2005, the Supervisory Board indicated that it would reconsider the Remuneration Policy in 2008, paying specific attention to the grant frequency and the choice of performance measures of the Long-Term Incentive Plan. The Remuneration Committee has examined the Remuneration Policy and in light of their assessment and findings, the Supervisory Board proposes to adjust the Remuneration Policy, upon shareholder's approval, as outlined in this section.

The Remuneration Policy of Exact is focused on attraction, motivation and retention of qualified and professional executives with the intention of realizing a balanced composition of the Board of Managing Directors that fits the character and strategy of Exact as a listed and internationally operating software company. In its essence, the Remuneration Policy should reflect the challenging strategic and operational goals of the strategic plan, both in the short and the longer term.

The remuneration package for the Board of Managing Directors consists of a base salary, a short-term incentive (i.e. annual bonus), a long-term incentive and other benefits. Exact does not operate a pension arrangement for the members of the Board of Managing Directors.

The Supervisory Board recognizes that any successful remuneration policy must include a significant performance-related focus. The on-target total remuneration consists of over 50% in variable pay (short-term and long-term incentive).

PEER GROUP – LABOR MARKET

In determining a remuneration policy, the Supervisory Board recognizes the need to be competitive in an international market, but also that the roots of Exact are of Dutch origin. The Supervisory Board therefore feels that a sector-specific international labor market peer group, combined with Dutch cross-industry companies of comparable size and scope, best reflects the market in which Exact competes for executive talent.

The companies included in the labor market peer group are comparable to Exact in terms of size and include:

- BE Semiconductor Industries N.V. (Netherlands)
- Beter Bed Holding N.V. (Netherlands)
- Brunel International N.V. (Netherlands)
- Cegid Group S.A. (France)
- Crucell N.V. (Netherlands)

- Ctac N.V. (Netherlands)
- Epicor Software Corporation (United States)
- Fornix Biosciences N.V. (Netherlands)
- Hitt N.V. (Netherlands)
- IFS AB (Sweden)
- Lawson Software Inc. (United States)
- Mamut ASA (Norway)
- Ordina N.V. (Netherlands)
- Sage Group Plc (United Kingdom)
- Simac Techniek N.V. (Netherlands)
- Unit 4 Agresso N.V. (Netherlands)

The remuneration elements of the companies have been adjusted to reflect the size, scope and complexity of Exact. In addition, outliers have been excluded from the data sample.

REMUNERATION PACKAGES 2009

The Remuneration Policy is summarized in the table below.

Base salary

The Remuneration Policy for the Board of Managing Directors reflects the upper quartile market level of the labor market peer group. The base salary levels for the positions within the Board of Managing Directors are set at:

- CEO: € 400,000
- CFO and COO: € 275,000
- Other members: € 215,000

These levels are defined in accordance with the possible extension of the Board of Managing Directors in the near future.

Each year the Supervisory Board will reconsider the base salary levels according to the labor market peer group and will take (both internal and external) trends and developments into account.

Short-term incentive

The short-term incentive (annual bonus) is linked to measurable and predetermined performance criteria, which reflect the short-term strategy and operational targets of Exact. A focus is set on financial performance measures, which include organic revenue target (56%) and profit margin (24%). The non-financial performance measures (20%) relate to personal targets. The Supervisory Board retains the right to adjust the weights and target setting, according to future strategic and operational developments.

In case of on-target performance, the annual bonus amounts to 50% of base salary for the CEO, and 45% of base salary for the CFO, COO and the other Board members. When targets are not achieved, no bonus will be paid out. The maximum payout under the short-term

				Payout *as percentage of base salary for*			
Element	**Vehicle**	**Performance measure***	**Weight**	**Below threshold performance**	**Threshold performance**	**Target performance**	**Maximun performance*****
Base salary	**CEO: € 400,000** **CFO/COO: € 275,000** **Other members: € 215,000**	Not applicable		**100.0%**	100.0%	**100.0%**	100.0%
Short-term incentive	**Cash**	Organic revenue target Profit margin** Personal	56% 24% 20%	**0.0%**	CEO 25.0% CFO/COO 22.5% Members 22.5%	CEO 50.0% CFO/COO 45.0% Members 45.0%	CEO 75.0% CFO/COO 67.5% Members 67.5%
Long-term incentive	**Performance shares**	Relative TSR Organic revenue target (after 3 years) Profit margin (over 3 years)	40% 40% 20%	**0.0%**	CEO 20.0% CFO/COO 17.5% Members 17.5%	CEO 40.0% CFO/COO 35.0% Members 35.0%	CEO 60.0% CFO/COO 52.5% Members 52.5%

** Specific targets are not disclosed as these might reveal commercially sensitive information*
*** Profit margin is defined as EBITDA divided by revenues*
**** The maximum percentages for the performance shares relate to the performance test and assume that the share price remains unchanged*

Spyker is a manufacturer of exclusive, premium sports cars. Spyker was founded in 2000 after an absence of 75 years. In the early years, Spyker became a brand name that stands for technologically advanced, exotic and dependable cars.

This heritage has been passed on to the new Spyker and its cars. Spyker's axiom since 1914 "Nulla tenaci invia est via" – for the tenacious no road is impassable – continues to hold true today through the building of their handcrafted record-breaking cars.

Working with Exact solutions since 2007.

incentive plan is capped at 75% of base salary for the CEO and for the CFO, COO and the other Board members it is set at 67.5%. Specific target setting is not disclosed, as it might contain commercially sensitive information. The Supervisory Board ensures that the targets will be evaluated annually and set according to ambitious yet realistic levels.

Long-term incentives

The Supervisory Board assessed market practice within comparable companies. Based on the outcome of the assessment, the Supervisory Board proposes to adjust the long-term incentive plan.

An annual conditional grant of performance shares under the long-term incentive plan increases the flexibility of setting targets (each year) to realistically reflect strategy and to incorporate (both internal and external) developments. Furthermore, adding relative total shareholder return ("TSR") to the combination of (organic) revenue and profit margin targets further aligns the long-term incentive with the interests of the shareholders, preferences of institutional investors and Dutch market practice.

The proposed 2009 long-term incentive plan is formulated to present a concrete and direct reflection of the ambitious strategic plans. The Supervisory Board prefers performance shares as a payout vehicle to align the interests of the Board of Managing Directors with the interests of the shareholders. The expected value of the conditional grant yields a payout of 40% for the CEO and 35% for the CFO, COO and other Board members.

The performance measures include an organic revenue target after three years (40%), profit margin over three years (20%) and relative TSR (40%). TSR is measured over a three-year period (starting at the moment of grant) relative to the following companies:

- Cegid Group SA (France)
- Epicor Software Corporation (United States)
- IFS AB (Sweden)
- Intuit (United States)
- Lawson Software Inc. (United States)
- Oracle Corporation (United States)
- SAP AG (Germany)
- The Sage Group (United Kingdom)
- Unit 4 Agresso (Netherlands)

The payout for the relative TSR component of the long-term incentive plan is based on the relative position of Exact within the TSR performance peer group. A below median ranking (i.e. 6th position or below) results in zero payout. The possible ranks within the peer group and the resulting payouts (as a percentage of target payout) of the relative TSR are shown in the table below.

Position within peer group	Payout (as a % of target payout)
1	150%
2	125%
3	100%
4	75%
5	50%
6-10	0%

Adjustments

The Supervisory Board will be solely responsible for the judgment and evaluation of the rendered performance of the Board of Managing Directors and the corresponding levels of variable payout under the short-term and long-term plan rules.

The Supervisory Board will reassess the remuneration policy every three years; however, remuneration levels will be reconsidered annually to account for (internal and external) trends and developments. Material adjustment to the Remuneration Policy will be submitted by the Supervisory Board to the General Meeting of Shareholders for adoption.

CORPORATE GOVERNANCE CODE

In line with the recommendations of the Monitoring Committee Corporate Governance Code (Committee Frijns), the Remuneration Committee adds the following statements.

1. The total remuneration package for each of the managing directors has a fixed maximum amount that can be paid out.

2. The employment agreements of the managing directors does not provide for a clawback for variable income paid.
3. The variable part of the remuneration for each member of the Board of Managing Directors is a percentage of the fixed income within the total remuneration package of each of the members of the Board of Managing Directors.
4. The actual fixed and variable income amounts of the members of the Board of Managing Directors are included in the Financial Statements 2008.
5. There are contractual arrangements with each of the members of the Board of Managing Directors maximizing an indemnity payment in case of (1) an involuntary termination of the employment agreement, and (2) a termination of the employment agreement in case of change of control of Exact.
6. The actual criteria for the variable part of the remuneration of each of the members of the Board of Managing Directors are ambitious. The criteria are considered as competition-sensitive information and are therefore not disclosed by the Supervisory Board.

REPORT OF THE SELECTION AND NOMINATION COMMITTEE

MEMBERS OF THE SELECTION AND NOMINATION COMMITTEE

Erik van de Merwe – Chairman
Hans de Boer
Rob Bonnier

The composition of both the Supervisory Board and the Board of Managing Directors did not change during the year under review.

The Supervisory Board has on various occasions confirmed its satisfaction with the management team and the fact that the team has made significant improvements over the last years in terms of strategy definition, execution, and related results. Nevertheless, the Supervisory Board believes it is in the interest of the Company as a publicly listed organization to strengthen the composition of the Board of Managing Directors. The Selection and Nomination Committee therefore retained the services of a specialized executive search bureau and conducted numerous interviews with potential candidates for positions in the Board of Managing Directors.

Most candidates had doubts because of the uncertainty of the position of the larger shareholders, whether or not to dispose of their shareholdings, which were confirmed in the process the Company went through at the beginning of the year. Despite numerous efforts, no suitable candidates could be found, which disappointed the larger shareholders as well as the Supervisory Board. This issue remains one of the priorities to be addressed.

As the term of appointment of both Raj Patel and Jim Kent ends per April 7, 2009, the Selection and Nomination Committee also discussed a possible nomination for reappointment. Following these discussions and taking into account the personal considerations of Raj Patel and Jim Kent, the Selection and Nomination Committee has recommended to the Supervisory Board to nominate Raj Patel for appointment of a consecutive four-year term as CEO. The Supervisory Board will nominate Raj Patel accordingly for renomination to the General Meeting of Shareholders. Jim Kent has been a member of the Board of Managing Directors since April 7, 2005 and was appointed for a fixed term of four years. Jim has decided to pursue other business opportunities and thus will not put himself forward for reappointment. He was initially responsible for the Americas region and in the last year responsible for corporate development.

During the last year the relationship between the Supervisory Board and some of the company's larger shareholders entered an impasse that needed to be resolved. The current Supervisory Board was appointed at a time when the Company had been through a period of turbulence. Over the last four years the Company has defined a clear strategy, had strong execution and delivered results in line with our expectations. This, combined with the impasse and our responsibilities with other boards in these harsh economic times, has led us to conclude that under the current circumstances it is not in the interest of the Company for us to continue for a further four-year period and thus we have not nominated ourselves for reappointment.

The committee interviewed a number of potential candidates for appointment as (additional) member of the Supervisory Board, some of which have been recommended by larger shareholders. In the General Meeting of Shareholders on April 23, 2009, new candidates will be nominated for the Supervisory Board.

CONCLUSION

The Financial Statements for the year 2008, as drawn up by the Board of Managing Directors, have been audited and certified by Ernst & Young Accountants. The auditors have discussed their findings on the financial statements with the Supervisory Board.

The Supervisory Board has approved the 2008 Financial Statements and recommends that these be adopted by the Annual General Meeting of Shareholders accordingly. The Supervisory Board also approved the proposal from the Board of Managing Directors to pay out a final cash dividend of € 0.87 per share, amounting to a total dividend for 2008 of € 1.56 per share and recommends that the Annual General Meeting of Shareholders adopts this dividend proposal.

Finally the Supervisory Board would like to express its appreciation to the Board of Managing Directors, the Executive Committee, the management team and all the employees for their commitment, dedication and continued efforts during 2008.

Delft, April 7, 2009

Erik van de Merwe
Hans de Boer
Rob Bonnier

7. Financial Statements

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7.1 Consolidated IFRS Income Statement *For the year ended December 31*

(in thousands of euros)	Note	2008	2007
Licenses		**74,257**	77,399
Maintenance		**129,630**	125,213
Services		**57,086**	49,497
Total revenue	*7.23*	**260,973**	252,109
Revenue-related costs		**18,700**	18,556
Employee benefit expenses	*7.24*	**135,698**	126,827
Other operating expenses	*7.25*	**35,158**	34,915
Marketing and sales		**13,214**	14,775
Total operating expenses before depreciation and amortization		**202,770**	195,073
EBITDA*		**58,203**	57,036
Depreciation and amortization expense		**8,830**	7,244
Operating income (EBIT)		**49,373**	49,792
Finance income and expenses			
Interest income and other financial income		**2,905**	4,127
Interest expenses and other financial expenses		**(2,113)**	(1,486)
Total finance income	*7.26*	**792**	2,641
Income before taxes		**50,165**	52,433
Income tax expense	*7.27*	**(13,340)**	(13,321)
Net income after taxes		**36,825**	39,112
Attributable to:			
Equity holders of Exact		36,446	38,211
Minority interest		379	901
Average number of shares outstanding basic (in thousands)		23,618	24,032
Average number of shares outstanding diluted (in thousands)		23,618	24,032
Earnings per share (in euros)		1.54	1.59
Diluted earnings per share (in euros)		1.54	1.59

** EBITDA = Earnings before interest, tax, amortization and depreciation*

The notes on page 83 to page 125 are an integral part of these consolidated financial statements.

7.2 Consolidated IFRS Balance Sheet *As at December 31*

(in thousands of euros)	Note	2008	2007
ASSETS			
Non-current assets			
Intangible fixed assets	*7.8*	**115,783**	122,683
Property, plant and equipment	*7.9*	**14,887**	17,864
Deferred tax assets	*7.10*	**4,754**	5,225
Derivative financial instruments	*7.22*	**266**	826
Total non-current assets		**135,690**	146,598
Current assets			
Non-current assets held for sale	*7.11*	**327**	-
Inventory		**414**	627
Trade receivables	*7.12*	**49,799**	53,122
Other receivables and prepaid expenses	*7.13*	**7,587**	5,646
Short-term investments	*7.14*	**25,834**	50,650
Cash and cash equivalents	*7.15*	**18,910**	18,381
Total current assets		**102,871**	128,426
Total assets		**238,561**	275,024

The notes on page 83 to page 125 are an integral part of these consolidated financial statements.

(in thousands of euros)	Note	2008	2007
EQUITY AND LIABILITIES			
Share capital	*7.16*	**488**	488
Capital surplus		**64,750**	89,802
Retained earnings		**42,789**	41,148
Net income		**36,446**	38,211
Cash flow hedge reserve		**(2,036)**	(1,876)
Cumulative translation adjustment		**(4,513)**	(4,834)
Shareholders' equity		**137,924**	162,939
Minority interest		**1,459**	2,704
Total equity		**139,383**	165,643
Non-current liabilities			
Earnout provisions and related liabilities	*7.18*	**4,907**	13,432
Provision for other liabilities and charges	*7.18*	**1,958**	2,626
Long-term loans	*7.19*	**635**	1,382
Deferred tax liabilities	*7.20*	**5,870**	5,573
Derivative financial instruments	*7.22*	**1,087**	154
Total non-current liabilities		**14,457**	23,167
Current liabilities			
Deferred revenue	*7.21.1*	**63,174**	59,640
Accounts payable and other liabilities		**5,328**	6,178
Corporate income tax		**297**	2,915
Other taxes and social securities		**5,940**	6,694
Accrued liabilities		**9,982**	10,787
Total current liabilities		**84,721**	86,214
Total liabilities		**99,178**	109,381
Total equity and liabilities		**238,561**	275,024

The notes on page 83 to page 125 are an integral part of these consolidated financial statements.

7.3 Consolidated Statement of Changes in Equity

(in thousands)	Common shares	Treasury shares	Share capital €	Capital surplus €	Retained earnings €	Cash flow hedge reserve €	Cumulative translation adjustment €	Sharehold-ers' equity €	Minority interest €	Total equity €
Balances at January 1, 2007	**24,400**	**368**	**488**	**89,802**	**93,465**	**-**	**(1,005)**	**182,750**	**1,953**	**184,703**
Cash flow hedges	-	-	-	-	-	(1,876)	-	(1,876)	-	(1,876)
Currency translation adjustment	-	-	-	-	-	-	(3,829)	(3,829)	-	(3,829)
Total income and expense for the period recog-nized directly in equity	**-**	**-**	**-**	**-**	**-**	**(1,876)**	**(3,829)**	**(5,705)**	**-**	**(5,705)**
Net income	-	-	-	-	38,211	-	-	38,211	901	39,112
Total income and expense for the period	**-**	**-**	**-**	**-**	**38,211**	**(1,876)**	**(3,829)**	**32,506**	**901**	**33,407**
Dividend related to 2006	-	-	-	-	(34,126)	-	-	(34,126)	-	(34,126)
Interim dividend 2007	-	-	-	-	(18,265)	-	-	(18,265)	-	(18,265)
Movement minority interest related to acqui-sitions	-	-	-	-	-	-	-	-	(150)	(150)
Long-term incen-tive plan	-	-	-	-	74	-	-	74	-	74
Balances at December 31, 2007	**24,400**	**368**	**488**	**89,802**	**79,359***	**(1,876)**	**(4,834)**	**162,939**	**2,704**	**165,643**

** Payout of the retained earnings will be restricted for the negative amount of the cumulative translation adjustment of € 4,834 and the cash flow hedge reserve of € 1,876.*

The notes on page 83 to page 125 are an integral part of these consolidated financial statements.

(in thousands)	Common shares	Treasury shares	Share capital €	Capital surplus €	Retained earnings €	Cash flow hedge reserve €	Cumulative translation adjustment €	**Share-holders' equity €**	Minority interest €	**Total equity €**
Balances at January 1, 2008	**24,400**	**368**	**488**	**89,802**	**79,359**	**(1,876)**	**(4,834)**	**162,939**	**2,704**	**165,643**
Cash flow hedges	-	-	-	-	-	(160)	-	(160)	-	(160)
Currency translation adjustment	-	-	-	-	-	-	321	321	-	321
Total income and expense for the period recognized directly in equity	**-**	**-**	**-**	**-**	**-**	**(160)**	**321**	**161**	**-**	**161**
Net income	-	-	-	-	36,446	-	-	36,446	379	36,825
Total income and expense for the period	**-**	**-**	**-**	**-**	**36,446**	**(160)**	**321**	**36,607**	**379**	**36,986**
Dividend related to 2007	-	-	-	-	(19,946)	-	-	(19,946)	-	(19,946)
Interim dividend 2008	-	-	-	-	(16,582)	-	-	(16,582)	-	(16,582)
Repurchase of shares	-	1,220	-	(25,052)	-	-	-	(25,052)	-	(25,052)
Movement minority interest related to acquisitions	-	-	-	-	-	-	-	-	(1,624)	(1,624)
Long-term incentive plan	-	-	-	-	(42)	-	-	(42)	-	(42)
Balances at December 31, 2008	**24,400**	**1,588**	**488**	**64,750**	**79,235***	**(2,036)**	**(4,513)**	**137,924**	**1,459**	**139,383**

** Payout of the retained earnings will be restricted for the negative amount of the cumulative translation adjustment of € 4,513 and the cash flow hedge reserve of € 2,036.*

The notes on page 83 to page 125 are an integral part of these consolidated financial statements.

7.4 Consolidated Statements of Cash Flows *For the year ended December 31*

(in thousands of euros)	Note	2008	2007
Net income after taxes		**36,825**	39,112
Amortization, depreciation of property, plant and equipment, and impairment losses		**8,830**	7,244
Increase/decrease in non current liabilities excluding earnouts		**(104)**	(1,144)
Increase/decrease in deferred tax asset		**1,690**	(150)
Increase/decrease in deferred revenue		**3,616**	369
Increase/decrease in current assets and current liabilities excluding tax		**(1,121)**	2,752
Increase/decrease in taxes payable		**(2,609)**	444
Cash flow provided by operations		**47,127**	48,627
Cash flow used in investing activities			
Acquisition of group companies, net of cash acquired	7.7	**(863)**	(40,944)
Proceeds from disinvestments in group companies		**86**	-
Capital expenditures on intangible assets	7.8	**(2,785)**	(2,574)
Capital expenditures on property, plant and equipment	7.9	**(2,868)**	(5,500)
Proceeds from disposal of property, plant and equipment		**605**	697
Earnout payments	7.18	**(3,569)**	(1,819)
Cash flow used in investing activities		**(9,394)**	(50,140)
Cash flow used in financing activities			
Dividend paid		**(36,529)**	(52,391)
Repurchase of shares		**(25,052)**	-
Repayment long-term loans	7.19	**(744)**	(2,351)
Cash flow used in financing activities		**(62,325)**	(54,742)
Net increase/(decrease) in cash, cash equivalents		**(24,592)**	(56,255)
Opening balance cash and cash equivalents		**69,031**	127,813
Exchange rate differences		**305**	(2,527)
Closing balance cash and cash equivalents		**44,744**	69,031

For presentation purposes the cash flow statement has been adjusted to separately present the change in deferred tax asset of € 1,690 (2007: € (150))

The actual income tax paid in 2008 amounts to € 13.4 million (2007: € 11.9 million); the actual interest received in 2008 amounts to € 2.8 million (2007: € 3.9 million); the actual interest paid in 2008 amounts to € 1.3 million (2007: € 0.5 million).

Cash and cash equivalents include the following for the purpose of the cash flow statement:

	Note	December 31, 2008	December 31, 2007
Cash and cash equivalents	7.15	**18,910**	18,381
Short-term investments	7.14	**25,834**	50,650
Total		**44,744**	69,031

The notes on page 83 to page 125 are an integral part of these consolidated financial statements.

7.5 Notes to the Consolidated IFRS Financial Statements

General information and summary of significant accounting policies

7.5.1 Corporate Information

Exact Holding N.V. (hereafter referred to as Exact), is domiciled in Delft, the Netherlands. Exact, as head of a group of subsidiaries (hereafter also referred to as Exact), is engaged in holding, financing and managing its subsidiaries and other participations. The activities relate primarily to the development, distribution and marketing of business software, end-user support, training and consultancy.

Exact has been listed on the Euronext Stock Exchange in Amsterdam since 1999.

The financial statements 2008 were approved by the Board of Directors and the Supervisory Board on April 7, 2009 and will be submitted for adoption to the Annual General Meeting of Shareholders on April 23, 2009.

7.5.2 Statement of Compliance

The consolidated financial statements included in pages 77 to 125 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS').

7.5.3 Basis of Preparation

The financial statements are presented in thousands of euros, unless stated otherwise. The euro is the predominant functional currency and the presentation currency of Exact. The financial statements have been prepared on a historical cost basis, except for derivative financial instruments, which are recorded at fair value.

The preparation of the financial statements in accordance with IFRS requires management to use certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying Exact's accounting policies. The areas involving a higher level of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated statements, are disclosed in note 7.5.5.

Condensed Income Statement

In accordance with article 2:402 of the Dutch Civil Code, Exact chose to present a condensed company-only income statement for the financial years 2008 and 2007.

7.5.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of Exact Holding N.V. and its subsidiaries as at December 31, 2008. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Subsidiaries are all entities over which Exact has the power to govern the financial and operating policies, generally accompanied by a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether Exact controls another entity. Subsidiaries are fully consolidated from the date of acquisition, being the date on which Exact obtains control, and continue to be consolidated until the date that such control ceases. All intra-company balances, transactions and income and expenses resulting from intra-company transactions are eliminated in full.

The purchase method of accounting is used to account for the acquisition of subsidiaries by Exact. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of transfer, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date. The excess of the cost of an acquisition over the fair value of Exact's share of the identifiable net assets acquired is recorded as goodwill. If the cost of an acquisition is less than the fair value of Exact's share of the net assets of the subsidiaries acquired, the difference is recognized directly in the income statement.

Minority interests are presented separately in equity. Where losses attributable to the minority in a consolidated subsidiary exceed the minority interest in the subsidiary's equity, the excess and any further losses applicable to the minority are allocated to Exact, except to the extent that the minority shareholder has a binding obligation, and is able to make an additional investment to cover the losses.

7.5.5 Significant Accounting Judgments and Estimates

Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimating uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of Goodwill

Exact determines whether goodwill is impaired at least on an annual basis. This requires an estimate of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires Exact to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at December 31, 2008 was € 85.0 million (2007: € 90.2 million). More details are provided in note 7.8.

Taxes

Deferred tax assets have been recognized in respect of certain tax losses carried forward by several subsidiaries outside the Netherlands. Annually Exact makes a fair assessment of the valuation of the deferred tax asset. The carrying amount of deferred tax assets at December 31, 2008 was € 4,754 (2007: € 5,225). More details are provided in note 7.10.

7.5.6 Foreign Currencies

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of Exact's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in euros, which is Exact's predominant functional currency and its presentation currency.

(b) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(c) Subsidiaries

The results and the financial position of all subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate as per the date of that balance sheet;
(ii) income and expenses for each income statement are translated at average exchange rates;
(iii) all resulting exchange rate differences are recognized as a separate component of equity (cumulative translation adjustment).

Exchange rate differences arising from the translation of net investment in foreign entities are taken to equity on consolidation. When a foreign operation is sold, such exchange rate differences are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

7.5.7 Statement of Cash Flow

The statement of cash flow is prepared by using the indirect method. The cash flow statement distinguishes operational, investment and financing activities. Cash flows in foreign currencies are converted at the average rates during the reporting period. Currency exchange differences are presented separately.

Payments and receipts of corporate taxes as well as financial income (interest) and expenses are included in cash flows from operational activities.

Cash flows resulting from acquisitions/divestitures of financial interests in Group companies and subsidiaries are included in cash flows from investment activities, net of cash acquired. Dividends paid are part of the cash flow from financing activities.

7.5.8 Intangible Fixed Assets

7.5.8.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Exact's share of the net identifiable assets of the acquired company at the date of acquisition. Goodwill on acquisition of subsidiaries is included in the intangible fixed assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

7.5.8.2 Research and Development

Research and development costs consist of costs attributable to the Exact's research and development activities as well as maintenance activities of existing product lines, including personnel expenses and other headcount-related costs associated with product development. Costs for research activities are expensed as occurred. Costs of the development of software is recognized as an intangible asset when Exact can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete the asset and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset, and the ability to reliably measure the development costs.

Following initial recognition of development costs as intangible assets, the assets are recognized at cost and amortized by using the straight line method based upon the estimated useful lives, which ranges from five to ten years. Where no intangible asset can be recognized, the development costs are expensed as incurred.

7.5.8.3 Other Intangible Fixed Assets

Acquired intangible fixed assets other than goodwill are recognized at cost and amortized by using the straight line method based upon the estimated useful lives of such assets, as follows:

• Order backlog	100%
• Contract base	6.66 - 20%
• Purchased software	33.33%
• Intellectual property	10%
• Trademark	10%

The other intangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

7.5.9 Property, Plant and Equipment

All property, plant and equipment are presented at cost less subsequent depreciation and impairment. Costs include expenditures that are directly attributable to the acquisition of the assets. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated by using the straight line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

• Buildings and leasehold improvements	3.33 - 20%
• Transportation	5 - 25%
• Hardware	20 - 33.33%
• Other fixed assets	20 - 33.33%

The estimated useful life of buildings is generally twenty to thirty years. The leasehold improvements generally have an estimated useful life of five to ten years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is impaired immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

7.5.10 Deferred Tax Assets

Deferred tax assets reflect the net tax effects of losses carried forward and temporary timing differences between the carrying amounts of assets for financial reporting purposes and the amounts used for income tax purposes.

Deferred tax assets will only be recorded if they are considered to be realizable in the future, which is reassessed at each balance sheet date. Deferred income tax assets are measured at the tax rates that are expected to apply to the year when the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

7.5.11 Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of the carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

7.5.12 Inventories

The inventory, comprising brochures and other marketing material, material shipped for licenses sold and upgrades (CDs, manuals, packing material, etc.) and hardware and software stock, is stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

7.5.13 Trade Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is appropriate evidence that Exact will not be able to collect all amounts due, according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

7.5.14 Other Assets and Liabilities

All other assets and liabilities are stated at the amounts at which they were acquired or incurred.

7.5.15 Short-term Investments, Cash and Cash Equivalents

Short-term investments, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

7.5.16 Employee Benefits

(a) Pensions

Exact and most of its subsidiaries have a pension plan, based on defined contributions. A defined contribution plan is a pension plan under which Exact pays fixed contributions to external pension providers. Each individual employee determines his/her own defined contribution, which is deducted from his/her gross salary. Exact has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Various acquired subsidiaries have a defined contribution plan with a limited employer contribution.

(b) Profit Sharing and Bonus Plans

Exact recognizes a liability and an expense for bonuses and profit sharing, when contractually obliged or when there is a past practice that has created a constructive obligation.

(c) Share-based Payments

Equity-settled share-based payments are measured at fair value at the date of grant. For further details we refer to note 7.17.

7.5.17 Earnout Provisions and Related Liabilities and Provisions for other Liabilities and Charges

Provisions for asset retirement obligations, warranty costs, earnout costs, legal claims and others are recognized when (i) Exact has a present legal or constructive obligation as a result of past events, (ii) it is more likely than not that an outflow of resources will be required to settle the obligation, and (iii) the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects the current market assessments of the time value of money and the risks specific to the liability.

Onerous Contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by Exact from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

7.5.18 Deferred Tax Liabilities

Deferred tax liabilities reflect the net tax effect of timing differences between the carrying amounts of the assets for financial reporting purposes and the amounts used for income tax purposes.

Deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

7.5.19 Long-term Liabilities

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Exact has an unconditional right at the balance sheet date to defer settlement of the liability for at least twelve months after the balance sheet date.

7.5.20 Derivative Financial Instruments

Exact uses derivatives financial instruments such as a cash flow hedges to hedge foreign currency risks. For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, Exact designates and documents the hedge relationship to which Exact wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash Flow Hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

7.5.21 Leases

Payments made under operating leases are recognized in the income statement on a straight line basis over the term of the lease. Lease incentives are recognized in the income statement as an integral part of the total lease expense.

7.5.22 Revenue Recognition

Exact derives its revenue from (i) software license fees and forms, (ii) providing maintenance, implementation, and training services related to the use of Exact's products, and (iii) services related to the configuration and customization of Exact's products.
Exact recognizes revenue from recurring and non-recurring licensing of business software when:

- a non-cancellable license agreement has been signed;
- the software and related documentation have been delivered;
- the fee is fixed and determinable;
- collection of the resulting receivable is deemed probable.

Revenue from perpetual licenses is recognized when products are delivered. Revenue from time-based licenses (generally a one-year period) is deferred and recognized as revenue ratably over the contract period.

Maintenance revenue consists of customer support revenue generated from maintenance contracts that provide the customer with telephone support and product upgrades and updates. The maintenance revenue is deferred and recognized over the related contract period, generally twelve months.

Service revenue generated from professional consulting and training services and software customization services is recognized when the services are provided. Revenue from fixed price contracts is accounted for in proportion to the performance rendered (percentage of completion) when the outcome of the transaction can be estimated reliably. When the outcome of the transaction cannot be estimated reliably, revenue is recognized only to the extent of the recoverable expenses recognized.

Deferred Revenue

Deferred revenue represents the unrecognized portion of time-based license, maintenance and service contracts in accordance with the aforementioned policy. Time-based license fees are deferred and recognized ratably over the related contract period. The maintenance agreements entitle the user to support and to upgrades and updates of the software. These maintenance contracts are deferred (100%) and recognized over the related contract period, generally twelve months.

7.5.23 Operating Expenses

Expenses are recorded in the period in which they were incurred. Depreciation of property, plant and equipment and intangibles (other than goodwill) is based on historical cost. Profits on transactions are accounted for in the year in which they are realized; losses are accounted for in the year in which they were foreseen.

Marketing and sales include expenses related to advertising, tradeshows, promotions, market research and other programs and are expensed as incurred.

Revenue-related costs include costs of material shipped, fees reimbursed to third parties for support services carried out on behalf of Exact and commissions reimbursed to resellers for sales realized on behalf of Exact.

7.5.24 Government Grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all applicable conditions are met. When possible, grants are recognized in the same period as related expenses.

7.5.25 Dividend Distribution

Dividend distribution to Exact's shareholders is recognized as a liability in Exact's consolidated financial statements in the period in which the dividends are approved by Exact's shareholders.

7.5.26 Earnings per Share

Basic earnings per share are computed based on the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are computed based on the weighted average number of ordinary shares outstanding including the effect of stock options.

7.5.27 Adoption of New and Revised International Financial Reporting Standards

The accounting policies adopted are consistent with those of the previous financial year. The following IFRIC's have been issued and are effective as of January 1, 2008. The following IFRIC's have no impact on the financial position or performance of Exact, as they do not apply to Exact's operations.

IFRIC 12 – *Service Concession Arrangements*

The IFRIC issued IFRIC 12 in November 2006. This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. No member of Exact is an operator and, therefore, this interpretation has no impact on Exact.

IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

This Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under IAS 19 *Employee Benefits*. This interpretation will be effective for financial years beginning on or after 1 January 2008.The interpretation does not apply to Exact and has therefore no impact on the financial position or performance of Exact.

Exact has chosen not to early adopt the following IFRS and IFRIC interpretations as of January 1, 2008.

Adoption of these standards and interpretations would have effect on the financial performance or position of Exact and they would give rise to additional disclosures.

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 in January 2008 that clarifies the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. Exact did not early adopt this amendment as of January 1, 2008.

IFRS 8 Operating Segments

IFRS 8 replaces IAS 14 Segment Reporting (IAS 14) upon its effective date. Exact did not early adopt this amendment as of January 1, 2008. Exact concluded that the operating segments determined in accordance with IFRS 8 are mainly the same as the business segments previously identified under IAS 14. For 2009, the secondary segment will be expanded to product line segments.

IAS 23 Borrowing Costs (Revised)

The revised IAS 23 requires capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Exact did not early adopt this amendment as of January 1, 2008.

Standards Issued but Not Yet Effective

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements

The amendments to IFRS 1 allows an entity to determine the 'cost' of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment to IAS 27 requires all dividends from a subsidiary, jointly controlled entity or associate to be recognized in the income statement in the separate financial statement. Both revisions will be effective for financial years beginning on or after 1 January 2009. The revision to IAS 27 will have to be applied prospectively. The new requirements affect only the parent's separate financial statement and do not have an impact on the consolidated financial statements.

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3R and IAS 27R will affect future acquisitions or loss of control, and transactions with minority interests. The standards may be early applied. However, Exact does not intend to take advantage of this possibility.

IAS 1 Revised Presentation of Financial Statements (Endorsed by European Union)

The revised Standard was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognized income and expense, either in one single statement, or in two linked statements. Exact is still evaluating whether it will have one or two statements.

IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (Endorsed by European Union)

These amendments to IAS 32 and IAS 1 were issued in February 2008 and become effective for financial years beginning on or after January 1, 2009. The revisions provide a limited scope exception for puttable instruments to be classified as equity if they fulfill a number of specified features. The amendments to the standards will have no impact on the financial position or performance of Exact, as Exact has not issued such instruments.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

These amendments to IAS 39 were issued in August 2008 and become effective for financial years beginning on or after July 1, 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. Exact has concluded that the amendment will have no impact on the financial position or performance of the company, as Exact has not entered into any such hedges.

IFRIC 15 Agreement for the Construction of Real Estate

IFRIC 15 was issued in July 2008 and becomes effective for financial years beginning on or after January 1, 2009. The interpretation is to be applied retroactively. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognized if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. IFRIC 15 will not have an impact on the consolidated financial statement because Exact does not conduct such activity.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 16 was issued in July 2008 and becomes effective for financial years beginning on or after October 1, 2008. The interpretation is to be applied prospectively. IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such, it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. The amendments to the standards will have no impact on the financial position or performance of Exact, as Exact has not issued such instruments.

7.5.28 Segment Reporting

Segment information is presented in respect to Exact's business and geographical segments. The primary format, business segments, is based on Exact's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total amount incurred during the period to acquire segment assets that are expected to be used for more than one period.

7.6 Financial Risk Management

Exact is exposed to market risk, primarily related to changes in exchange rates. Furthermore, Exact is exposed to credit risks. Exact neither holds nor issues financial instruments for trading purposes. Exact's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimize potential adverse effects on its financial performance.

(a) Market Risk (Foreign Exchange Risk)

Exact conducts business in euros and in foreign currencies. Since the functional currency of Exact is the euro, Exact is subject to exchange risk due to the effects of changing exchange rates on the revenues, results and balance sheet positions ultimately reported in euro. For 2008, 40.7% (2007: 37.4%) of revenues and 42.3% (2007: 42.3%) of operating expenses are denominated in currencies other than euros.

Exact is mainly exposed to foreign exchange risks in the following areas:

- Transactions in foreign currency (revenue and cost) - these contain not only the existing and expected purchase and sale transactions, but also debts and receivables arising from these transactions;
- Investments in foreign Exact companies - these also contain results and other financial inter-company relationships.

An important part of Exact's result is realized in US dollars. Although in 2008 Exact generated approximately 24.7% (2007: 23%)of its revenues in US dollars, the impact of the US dollars exchange rate fluctuations on EBITDA and net income was limited because of a natural hedge through expenses in US dollars and/or expenses in currencies fluctuating in line with the US dollar. For 2008 a change of € 0.01 in the euro-to-dollar exchange rate had an effect of approximately € 0.9 million on total revenue, € 0.9 million on the intangible fixed assets, € 0.2 million on the trade receivables and € 0.3 million on the deferred revenue balance position.

The following table demonstrates the sensitivity to a reasonably possible change in the US$ exchange rate, with all other variables held constant, of Exact's total revenue, income before tax, and equity (due to changes in the fair value of monetary assets and liabilities) and Exact's debtors and deferred revenue balance position.

	Change in EUR to US$ rate	Effect on total revenue	Effect on trade receivables	Effect on deferred revenue	Effect on income before tax	Effect on equity
2008						
	+ € 0.01	(949)	**(206)**	271	**(152)**	214
	- € 0.01	949	**206**	(271)	**152**	(214)
2007						
	+ € 0.01	(978)	**(271)**	363	**(123)**	129
	- € 0.01	978	**271**	(363)	**123**	(129)

All Exact companies must identify and measure the risks of important transactions executed in a currency other than their functional currency. Decisions to hedge transaction exposures are taken at corporate level in consultation with local management.

(b) Credit Risk

The credit risk comprises the loss that should be recognized at the balance sheet date if customers were to be in default regarding the fulfillment of their contractual obligations. In order to limit the credit risk, Exact periodically reviews the credit ratings of the customers and demands, where necessary, securities. Furthermore, Exact has procedures and policies to limit the size of the credit risk with each customer or market. These procedures and the geographical spread of the activities of the group companies limit the exposure of Exact to the risk connected with the concentration of credit and market risks. No collateral is made available as security to Exact. Total credit risk is equal to the book value of trade receivables as of December 31, 2008.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Due to the dynamic nature of the underlying businesses, Exact aims to maintain flexibility in funding by keeping sufficient cash and cash equivalents. Due to the strong cash position and historically strong operational cash flows, Exact currently has no liquidity risk.

The table below summarizes the denomination profile based on a percentage of Exact's financial assets and liabilities as at December 31.

Year ended December 31, 2008	EUR	USD	EUR
Cash and cash equivalents	62%	11%	44,744
Trade and other receivables	51%	24%	57,386
Account payable and other liabilities	57%	12%	5,328

Year ended December 31, 2007	EUR	USD	EUR
Cash and cash equivalents	82%	6%	69,031
Trade and other receivables	64%	17%	58,768
Account payable and other liabilities	70%	8%	6,178

Details of the maturity of Exact's financial instruments can be found in note 7.19.

(d) Interest Rate Risk

As a result of limited debt and active cash management activities, Exact is not subject to material interest rate risks.

(e) Capital Management

The primary objective of Exact's capital management is to maintain healthy capital ratios in order to support its business, execute its strategy, and maximize shareholder value.

In view of the continually positive cash flow and liquidity position and taking into account the expected growth and acquisition strategy, the dividend policy is based on a 100% net payout in any year in which Exact does not execute a material acquisition.

Financial risk management is currently performed by the Board of Managing Directors. Financial risks are addressed on corporate level, evaluated and hedged as Exact deems necessary. Exact may use derivative financial instruments to hedge certain risk exposures. Hedge accounting is applied where possible. If hedge accounting may not be applied, the derivative is recorded at fair value with changes recorded in the profit and loss statement.

7.7 Business Combinations

Acquisitions 2008
There were no acquisitions in 2008.

Acquisitions 2007
The purchase price allocations related to the acquisitions in 2007 have been finalized.

Solid Data NV/SA
On January 3, 2007 Exact acquired 100% of the share capital of Solid Data NV/SA, a local Belgian software vendor servicing the Belgian SMB market with its ProAcc product lines. The products of Exact and Solid Data NV/SA are highly complementary, offering great cross-selling opportunities for the combined operations. Solid Data NV/SA has been fully integrated into Exact's Belgian operations as of January 3, 2007.

Details of net assets acquired and goodwill are as follows:

Purchase consideration	
Cash paid	4,550
Direct costs relating to acquisition	21
Total purchase price consideration	4,571
Fair value of net assets acquired	(224)
Goodwill	4,795

The goodwill is attributable to the significant synergies expected to be realized after Exact's acquisitions of Solid Data NV/SA.

The assets and liabilities acquired through this acquisition are as follows:

	Fair value	Acquiree's carrying amount
Cash and cash equivalents	96	96
Property, plant, and equipment	212	212
Contract base	1,314	-
Trade and other receivables	1,785	1,785
Account payable and other liabilities	(3,185)	(3,185)
Deferred tax liability contract base	(446)	-
Net assets	(224)	(1,092)
Purchase consideration settled in cash		4,550
Cash and cash equivalents acquired		96
Cash outflow on acquisition		4,454

alphaSIGMA Consulting LLC

On April 6, 2007, Exact completed the asset purchase transaction of specific assets of alphaSIGMA Consulting LLC, an IT and professional services firm based in Palatine, Illinois, USA. AlphaSIGMA Consulting LLC has fully been integrated into Exact's North American operations as of April 6, 2007. Details of net assets acquired and goodwill are as follows:

Purchase consideration	
Cash paid	1,140
Direct costs relating to acquisition	35
Total purchase price consideration	1,175
Fair value of net assets acquired	1,095
Goodwill	80

The goodwill is attributable to the synergies expected to be realized after Exact's acquisitions of alphaSIGMA Consulting LLC.

The assets and liabilities acquired through this acquisition are as follows:

	Fair value	Acquiree's carrying amount
Property, plant, and equipment	52	54
Contract base	1,162	-
Account payable and other liabilities	(119)	(119)
Net assets	1,095	(65)
Purchase consideration settled in cash		1,140
Cash and cash equivalents acquired		0
Cash outflow on acquisition		1,140

CSS Solutions

To ensure continued quality support to its customer base, on June 4, 2007, Exact acquired certain specific assets and liabilities of CSS Solutions, and sold these assets to the VCD IT Group on June 7, 2007, resulting in a net contribution of approximately € 260. This contribution has been recognized in other operating expenses for the year ending December 31, 2007.

Longview Solutions Inc.

On November 8, 2007, Exact acquired 100% of the share capital of Longview Solutions Inc., a Canadian software company with subsidiaries in the USA and the UK. Longview Solutions Inc. develops, markets, implements and supports software that companies use to drive their performance. Longview's integrated software suite, Khalix™, includes functions such as management reporting and analysis, modeling, budgeting, planning, forecasting, consolidation and tax. Longview also sells LRAL™, which is used to teach, evolve, control and manage organizational knowledge. Longview contributed revenues of € 2,187 and a loss of € 202 to Exact for the period November 8, 2007 to December 31, 2007. If the acquisition had occurred on January 1, 2007, Longview's contributed revenue would have been € 17,882 and the contributed net profit € 1,231.

At date of acquisition certain timing differences in respect to intangible assets, fixed assets and deferred revenue existed. As Longview Canada had incurred losses in prior periods, a 100% valuation allowance was recorded against the related deferred tax asset. Because of the post acquisition tax planning, Longview Canada is now consistently profitable and therefore it has been decided to reduce the valuation allowance to nihil end to record the deferred tax assets as an adjustment to the opening balance.

Details of net assets acquired and goodwill are as follows:

Purchase consideration	
Cash paid	34,812
Direct costs relating to acquisition	1,231
Total purchase price consideration	36,043
Fair value of net assets acquired	13,380
Goodwill	22,663

The goodwill is attributable to the significant synergies expected to be realized after Exact's acquisitions of Longview Solutions Inc.

The assets and liabilities acquired through this acquisition are as follows:

	Fair value	Acquiree's carrying amount
Cash and cash equivalents	2,312	2,312
Property, plant, and equipment	402	402
Purchased software	126	-
Order backlog	557	-
Trademark	383	-
Intellectual property	11,985	979
Contract base	4,161	-
Deferred tax assets	1,371	-
Trade and other receivables	3,407	3,407
Provisions for earnouts	(1,104)	(1,104)
Account payable and other liabilities	(8,133)	(8,338)
Deferred tax liability contract base	(2,087)	(105)
Net assets	13,380	(2,447)
Purchase consideration settled in cash		34,985
Cash and cash equivalents acquired		2,312
Cash outflow on acquisition		32,673

The amortization costs of the intangible assets recognized in profit and loss for the period from November 8, 2007 to December 31, 2007 amounted to € 346.

7.8 Intangible Fixed Assets

The movements in intangible assets are summarized below:

	Goodwill	Contract Base	Purchased Software	Internally Generated Software	Intellectual Property	Trademark	Order Backlog	Total
At January 1, 2007								
Purchase value	59,964	15,001	710	-	-	-	-	75,675
Cumulative amortization	-	(2,306)	(361)	-	-	-	-	(2,667)
Book value	59,964	12,695	349	-	-	-	-	73,008
Additions	-	407	355	1,790	-	-	-	2,552
Acquisitions from business combinations	28,567	6,737	126	-	11,985	383	557	48,355
Acquisitions minority interests	102	-	-	-	-	-	-	102
Adjustment earnout provision	6,676	-	-	-	-	-	-	6,676
Amortization	-	(1,840)	(245)	-	(217)	(6)	(81)	(2,389)
Net currency translation adjustment	(5,130)	(443)	(4)	-	(37)	-	(7)	(5,621)
Changes in book value	30,215	4,861	232	1,790	11,731	377	469	49,675
At December 31, 2007								
Purchase value	90,179	21,613	1,842	1,790	11,947	383	549	128,303
Cumulative amortization	-	(4,057)	(1,261)	-	(216)	(6)	(80)	(5,620)
Book value	90,179	17,556	581	1,790	11,731	377	469	122,683
Additions	169	-	42	1,987	-	-	-	2,198
Acquisitions	-	-	-	-	837	-	-	837
Acquisitions minority interests	41	-	-	-	-	-	-	41
Adjustments provisional purchase price allocations	(1,185)	(110)	-	-	-	-	-	(1,295)
Adjustment earnout provision	(6,005)	-	-	-	-	-	-	(6,005)
Amortization	-	(2,018)	(253)	(337)	(1,067)	(39)	(451)	(4,165)
Net currency translation adjustment	1,787	34	(13)	(20)	(281)	-	(18)	1,489
Changes in book value	(5,193)	(2,094)	(224)	1,630	(511)	(39)	(469)	(6,900)
At December 31, 2008								
Purchase value	84,986	21,574	1,693	3,768	12,660	383	541	125,605
Cumulative amortization	-	(6,112)	(1,336)	(348)	(1,440)	(45)	(541)	(9,822)
Book value	84,986	15,462	357	3,420	11,220	338	-	115,783

The goodwill related to AllLicense Holding B.V. was adjusted with a negative amount of € 5,583. Since 2008 Exact and the selling shareholders of AllLicense Holding B.V. are in a procedure to resolve a dispute on determining the purchase price for the remaining shares. This is being handled through arbitration.

During 2008 Exact worked on the development of new versions of two of its product lines. Development costs of these projects were recognized as an intangible asset in line with Exact's accounting policy. The capitalized development costs amounted to € 1,987. Internally generated software related to *KhalixTM* with a carrying value amounting to € 1,807 has not yet been established for use.

The carrying amount of the intellectual property includes an amount of € 9,511 related to the software suite Khalix™, which Exact acquired via the business combination of Longview Solutions. This intellectual property has been valued at an amount of € 10,767 upon acquisition, with linear amortization over a period of 10 years.

Impairment tests for goodwill

Goodwill is allocated to Exact's cash-generating units (CGUs), which have been identified according to the business segment structure. Goodwill is tested for impairment annually as at December 31, and when circumstances indicate that the carrying value may be impaired. The annual goodwill impairment test was performed in January 2009.

See note 7.23.1 for detailed information about the regions of Exact. A regional segment-level summary of the goodwill allocation is given below:

	2008	2007
Netherlands	**14,166**	19,704
Americas	**42,890**	41,074
EMEA	**5,513**	5,286
APAC	**725**	725
Longview	**21,692**	23,390
Total	**84,986**	90,179

For 2008 and 2007, the recoverable amount of a CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond a five-year period are extrapolated by using the estimated growth rates stated below.

2008	Netherlands [a]	Americas [b]	EMEA [c]	APAC [d]
EBIT margin[1]	**13.3 – 42.9%**	**18.8 – 22.5%**	**27.8 – 28.8%**	**11.9 – 14.2%**
Growth rate[2]	**1.5%**	**1.5%**	**1.5%**	**1.5%**
Discount rate[3]	**9,75%**	**9.75%**	**9.75%**	**9.75%**

2007	Netherlands [a]	Americas [b]	EMEA [c]	APAC [d]
EBIT margin[1]	**13.3 – 42.9%**	**18.8 – 22.5%**	**27.8 – 28.8%**	**11.9 – 14.2%**
Growth rate[2]	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Discount rate[3]	**9.75 – 15.30%**	**9.75%**	**9.75%**	**9.75%**

[1] Earnings before interest and taxes is based on prior years average EBIT range by Region.
[2] Weighted average growth rate used to extrapolate cash flows beyond the budget period.
[3] Post-tax discount rate applied to the cash flow projections.
[a] The goodwill in the region Netherlands is divided mainly over the cash generating units: Kooijman, AllLicense and Easy Access.
[b] The goodwill in the region Americas is mainly divided over the cash generating units: Longview, Vanguard and North America.
[c] The main cash generating unit in the region EMEA is Belgium.
[d] The goodwill in the region APAC consists mainly of minority buyouts.

These assumptions have been used for the analysis of each CGU within the business segment. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are post-tax and reflect specific risks relating to the relevant segments. With regard to the assessment of the recoverable amount of Exact's cash generating units, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

7.9 Property, Plant and Equipment

The movements in property, plant and equipment are summarized below:

	Buildings and leasehold improvements	Transportation	Hardware	Other fixed assets	Total
At January 1, 2007					
Purchase value	3,240	14,649	15,590	8,269	41,748
Cumulative depreciation	(834)	(5,263)	(12,329)	(6,399)	(24,825)
Book value	2,406	9,386	3,261	1,870	16,923
Additions	1,096	2,184	2,102	549	5,931
Acquisitions through business combinations	209	130	237	91	667
Disposals	(14)	(494)	(18)	(20)	(546)
Depreciation	(302)	(1,824)	(2,118)	(756)	(5,000)
Net currency translation adjustments	(15)	(10)	(45)	(41)	(111)
Changes in book value	974	(14)	158	(177)	941
At December 31, 2007					
Purchase value	4,844	14,813	17,202	8,784	45,643
Cumulative depreciation	(1,464)	(5,441)	(13,783)	(7,091)	(27,779)
Book value	3,380	9,372	3,419	1,693	17,864
Additions	179	806	1,429	454	2,868
Disposals	(16)	(349)	(31)	2	(394)
Depreciation	(479)	(1,737)	(1,948)	(712)	(4,876)
Reclassification to assets held for sale	(490)	-	-	-	(490)
Net currency translation adjustments	(54)	(16)	(12)	(3)	(85)
Changes in book value	(860)	(1,296)	(562)	(259)	(2,977)
At December 31, 2008					
Purchase value	4,252	13,976	17,430	6,803	42,461
Cumulative depreciation	(1,732)	(5,900)	(14,573)	(5,369)	(27,574)
Book value	2,520	8,076	2,857	1,434	14,887

The estimated current market value of the buildings owned by Exact and its subsidiaries, included under buildings and leasehold improvements, is approximately € 1,783 (2007: € 2,528), while the book value of these buildings as per December 31, 2008 was € 1,511 (2007: € 2,064). This estimate is based on an appraisal made by a real estate agent, applicable valuation for property tax and/or recent transactions for similar buildings.

The office building of AllLicense Holding B.V., in Woerden, the Netherlands, has been collateralized to secure the related mortgage.

7.10 Deferred Tax Assets

Deferred income tax assets comprise:

	2008	2007
Tax losses carry forward	**2,644**	4,180
Temporary timing differences	**2,110**	1,045
Total	**4,754**	5,225

The movements in deferred tax assets are summarized below:

	2008	2007
At January 1	**5,225**	5,088
Adjustment PPA Longview	**1,371**	-
Tax losses carry forward charged to the income statement	**(1,602)**	(363)
Temporary timing differences charged to the income statement	**27**	500
Net currency translation adjustment	**(267)**	-
At December 31	**4,754**	5,225
Deferred tax assets to be recovered after more than 12 months	**3,774**	3,641
Deferred tax assets to be recovered within 12 months	**980**	1,584
Total	**4,754**	5,225

As per December 31, 2008, Exact had estimated tax losses carried forward of € 13 million (2007: € 21 million) among several subsidiaries outside the Netherlands. Management has made a fair assessment as to which part of these losses will likely be offset by taxable profits in the foreseeable future. For this assessment, Exact has taken 80% of the forecasted operating income for the coming three years into account at the respective tax rates (varying between 30% and 32%).

Exact did not value losses carried forward amounting to € 4 million (2007: € 6 million), because of inadequate taxable income during the three-year forecast period. These foreign net operating losses will expire in the range of fifteen years and unlimited.

7.11 Non-current Assets Held for Sale

Exact held the following non-current assets for sale:

	2008	2007
Apartments Delft	**327**	-
Total	**327**	-

In 2008 Exact decided to sell the apartments in Delft. One of the three apartments was sold during 2008 for € 255. The recognized profit of € 92 is recorded in the income statement under depreciation and amortization. As at financial year ending December 31, 2008, two apartments are immediately available for sale. These two apartments are reported as non-current assets held for sale and are valued at the carrying amount of € 163 each. The expected book gain amounts to € 183 (based on fair value of € 510). The apartments are recorded in the region The Netherlands.

7.12 Trade Receivables

	2008	2007
Trade receivables	**55,569**	58,765
Provision for trade receivables	**(5,770)**	(5,643)
Net trade receivables	**49,799**	53,122

Exact has recognized an expense of € 3,336 (2007: € 3,570) for the impairment of its trade receivables during the year ending December 31, 2008. The expense has been included in 'other operating expenses' in the income statement.

There is no concentration of credit risk with respect to trade receivables, as Exact has a large number of internationally dispersed customers. The trade receivables mature within one year and are non interest-bearing. Total credit risk is equal to the book value of trade receivables as at December 31, 2008.

Movements in the provision for impairment of receivables were as follows:

	Individually impaired	Collectively impaired	Total
At January 1, 2007	1,027	4,194	5,221
Charge for the year	560	3,010	3,570
Utilized	(1,036)	(2,112)	(3,148)
At December 31, 2007	551	5,092	5,643
Charge for the year	46	3,290	3,336
Utilized	(495)	(2,714)	(3,209)
At December 31, 2008	102	5,668	5,770

The provision for impairment of trade receivables is excluding VAT. VAT on uncollectable receivables can be reimbursed.

As at December 31, the ageing analysis of trade receivables is as follows:

			Past due but not impaired			
	Total	Neither past due nor impaired	< 30 days	30 – 90 days	90 – 360 days	> 360 days
2008	49,799	26,366	7,061	3,636	10,346	2,390
2007	53,122	30,698	9,192	2,995	8,830	1,408

7.13 Other Receivables and Prepaid Expenses

Other receivables and prepaid expenses can be specified as follows:

	2008	2007
Prepaid expenses	**4,675**	3,148
Other receivables	**2,912**	2,498
Total	**7,587**	5,646

Prepaid expenses include prepaid rent, prepaid insurance premiums and prepaid lease installments.

Other receivables include receivables other than trade receivables, and accrued revenue related to services performed by Exact. The other receivables mature within one year.

As at December 31, 2008 the other receivables include a receivable of € 33 (2007: € 92) from Eduard Hagens, former CEO of Exact and shareholder, and € 24 (2007: € 38) from Arco van Nieuwland, shareholder. These receivables are mainly for the private use of Exact's airplane and are unsecured and non-interest bearing.

In the other receivables as at December 31, 2008 an amount of € 0 (2007: € 343) for government grants is included. These government grants relate to education and training activities and research and development activities by Exact in the Netherlands.

7.14 Short-term Investments

The short-term investments at year-end amounted to € 25,834 (2007: € 50,650) and are short-term deposits at banks and financial institutions in various countries. These deposits bear variable interest rates.

7.15 Cash and Cash Equivalents

No restrictions exist on cash. As at December 31, 2008 Exact held € 18,910 (2007: € 18,381) in bank balances and cash, predominantly euro denominated.

7.16 Share Capital

The authorized share capital of Exact amounts to € 1.5 million, consisting of 75 million ordinary shares, each with a nominal value of € 0.02 per share. Currently, there are 24,400,405 (2007: 24,400,405) ordinary shares outstanding, which are fully paid. 1,588,056 (2007: 368,061) ordinary shares are held in treasury by Exact, and remain available for general purposes of the company, including but not limited to M&A activities.

The ordinary shares held in treasury by Exact have been deducted from the capital surplus at their purchase price. No treasury shares were transferred to exercise options nor were treasury shares sold in 2008 (2007: 0).

7.17 Share-based Payments

Shares

The long-term remuneration agreement directly reflects the challenging performance targets formulated in the strategic plan for the years 2006-2008. These performance targets relate, inter alia, to revenue growth and profit margin. The long-term remuneration agreement for the Board of Managing Directors contains a once-only conditional award of shares in 2006, whereby a maximum of 70% of the reward in shares is based on Exact's revenue in 2008 and a maximum of 30% of the award in shares is based on Exact's profit margin in 2008. The Supervisory Board prefers to use shares as a long-term remuneration instrument as these are directly interrelated with shareholders' interests. The conditional shares have a maximum value at the date of award of € 300,000 for each member of the Board of Managing Directors. Three years after the conditional award, the shares shall be considered as unconditional award depending on the realized performance. Given the fact that the targets are considered as competition-sensitive information, no further details about these will be provided in this annual report. The Supervisory Board will ensure that the targets are ambitious but also realistic.

As per December 31, 2008, the long-term remuneration is accounted for the amount of € 62.6 (2007: € 105.0) (€ 31.3 for each board member) and recorded under the retained earnings.

The long-term remuneration plan will be settled in shares (equity-settled). The fair value is based on the share price as per the granting date.

Options

Exact has no options outstanding as per December 31, 2008 (2007: 0).

7.18 Provisions

	Earnouts and related liabilities	Asset retirement obligation	Other provisions	Total
At January 1, 2008	13,432	845	1,781	16,058
Additional provisions	46	-	744	790
Payment in cash	(3,569)	-	(622)	(4,191)
Release	(5,207)	(15)	(792)	(6,014)
Interest	193	23	-	216
Reclassification minority interest	13	-	-	13
Net currency translation adjustment	(1)	(6)	-	(7)
At December 31, 2008	4,907	847	1,111	6,865

	2008	2007
Non-current provisions	**1,907**	7,205
Current provisions	**4,958**	8,853
Total	**6,865**	16,058

7.18.1 Provision for Earnouts and Related Liabilities

The provision for earnouts and related liabilities relates to future liabilities from acquisitions by Exact.

The provision can be specified as follows:

	2008	2007
Runservicenet Ltd.	**720**	1,086
AllLicense Holding B.V.	**430**	8,106
Modulair Easy Access B.V.	**3,757**	3,561
Vanguard Solutions Group Inc.	**-**	679
Total	**4,907**	13,432

Runservicenet Ltd.

Runservicenet Ltd. was acquired by Longview Solutions Inc. in 2006. Under the terms of the share purchase agreement between Longview Inc. and the former Runservicenet shareholders, the former shareholders are entitled to earn additional contingent consideration of US$ 5,500 predicated on the attainment of certain software sales objectives and on the achievement of certain development and integration milestones over a period of four years commencing upon achievement of certain milestones.

AllLicense Holding B.V.

In July 2008, Exact acquired, in accordance with the provisions in the Share Purchase Agreement from 2005, the remaining 30% shares of AllLicense Holding B.V. for a provisional purchase price of € 2,936. The final purchase price is being determined by an independent panel of arbitrators. Expected outcome is to be received in April 2009. The remaining decrease of the earnout, based on the best estimate of management as to the outcome of the arbitration, supported by the auditors, has been adjusted to the goodwill.

Modulair Easy Access B.V.

Exact and the shareholders of Modulair Easy Access B.V. agreed upon an option to purchase, respectively sell the remaining shares (40%) before July 1, 2009, if and when conditions as specified in the stock purchase agreement are met. The price for the remaining shares is mainly based upon the revenue for the year 2008.

Vanguard Solutions Group Inc.

Under the agreement of purchase and sale, the former shareholder of Vanguard Solutions Group Inc. was entitled to an additional purchase price installment depending on the revenue performance of Vanguard over the period 2006 and 2007. The additional purchase price was settled during 2008, in line with the provision as at December 31, 2007.

7.18.2 Asset Retirement Obligation

Exact rents buildings for which, in some cases, the obligation exists to restore the building to its original state. Of this provision an amount of € 771 (2007: € 0) is of short-term nature and an amount of € 76 (2007: € 845) of long-term nature.

7.18.3 Other Provisions

Other provisions include mainly legal and warranty provisions. These provisions as per December 31, 2008 and 2007 have been made for specific cases known at the respective balance sheet dates. The other provisions are considered to be of a long-term nature.

7.19 Long-term Loans

Set out below is a comparison by category and fair values of all of Exact's financial instruments that are carried in the financial statements:

	Carrying amount 2008	Carrying amount 2007	**Fair value 2008**	Fair value 2007
Bank loan	**-**	679	**-**	679
Mortgage	**635**	703	**646**	724
Total	**635**	1,382	**646**	1,403

Bank loan

The bank loan was related to the acquisitions of Vanguard Solutions Group Inc. and Inspired Solutions and is denominated in US dollars. The outstanding amount at year end 2007 was fully repaid in January 2008. The loan carried an interest of 5.84% in 2007 based on one month LIBOR including 60 (2007: 60) basis points margin. The applicable margin was based on the total debt to

EBITDA ratio of Exact.

Mortgage

The mortgage comprises two long-term loans (principal amount of € 1,044) secured by the office building of AllLicense Holding B.V. in Woerden, the Netherlands. One loan with a remaining balance of € 330 has a fixed interest rate of 4.1% until November 30, 2010. The second loan is a variable interest loan with a remaining balance of € 305 and an interest rate of 5.6% (2007: 5.2%) at year end.

The exposure of Exact’s long-term loans to interest rate changes and the contractual repayment dates are as follows:

Durations	**December 31, 2008**	December 31, 2007
≤ 6 months	**305**	1,031
> 6 months and ≤ 12 months	**-**	-
> 1 year and ≤ 5 years	**330**	351
> 5 years	**-**	-
Total	**635**	1,382

Maturity	**2008**	2007
≤ 1 year	**42**	756
> 1 year and ≤ 2 years	**42**	72
> 2 year and ≤ 5 years	**126**	117
> 5 years	**425**	676
Total	**635**	1,621

The effective interest rates at the balance sheet date were as follows:

	Currency	**2008**	2007
Bank loans	USD	**n/a**	5.84%
Mortgage	EUR	**4.1 - 5.6%**	4.1% - 5.2%

7.20 Deferred Tax Liabilities

The deferred income tax at the balance sheet date relates to the following:

	2008	2007
Fair value adjustments on acquisitions	**4,982**	5,155
Temporary timing differences	**44**	-
Difference in amortization period of capitalized R&D	**844**	418
Total	**5,870**	5,573

The movement of the deferred income tax liabilities is summarized below:

	2008	2007
At January 1	**5,573**	2,288
Acquisition of intangible assets	**87**	2,532
Charged to the income statement	**250**	753
Net currency translation adjustment	**(40)**	-
At December 31	**5,870**	5,573
Deferred tax liability to be recovered after more than 12 months	**5,375**	5,102
Deferred tax liability to be recovered within 12 months	**495**	471
Total	**5,870**	5,573

7.21 Current Liabilities

Liabilities with a remaining period of up to one year are presented under current liabilities.

7.21.1 Deferred Revenue

Time-based license fees with a term shorter or equal to one year are deferred and recognized ratably over the related contract period.

The maintenance agreements entitle the user to support and to new upgrades and updates of the software. These maintenance contracts are deferred (100%) and recognized over the related contract period, generally 12 months.

Services revenue generated from professional consulting and training services and software customization services are recognized as the services are performed. Revenue from fixed price contracts is recognized in accordance with the percentage of completion method. If the resulting revenue to be recognized is smaller than the amount invoiced to the customer, the difference is recognized as deferred revenue.

Deferred revenue represents the unrecognized portion of time-based license fees, maintenance and service contracts (see also note 7.5.22). The nature of deferred revenue is considered to be long-term as the maintenance and service agreements, which typically have a contract period of 12 months, are automatically renewed at the end of the contract period.

Income resulting from maintenance agreements pre-invoiced at the end of 2008 and which renew in the new financial year will be recognized in 2009. Insofar as the customer has paid in advance for agreements that are due for renewal in 2009, the value of the agreement is treated in its entirety as a liability under deferred revenue.

7.22 Financial Instruments and Hedging

Fair values

Set out below is a comparison by category and fair values of all of Exact's financial instruments that are carried in the financial statements:

	Carrying amount 2008	Carrying amount 2007	Fair value 2008	Fair value 2007
Financial assets				
Derivative financial instruments	**266**	826	**266**	826
Cash	**44,744**	69,031	**44,744**	69,031
Financial liabilities				
Derivative financial instruments	**1,087**	154	**1,087**	154
Fixed rate borrowings	**330**	352	**307**	349
Floating rate borrowings	**305**	351	**339**	375
Bank loan	**-**	679	**-**	679

The fair value of derivatives is based on quoted market prices as per the balance sheet date. The fair value of the fixed and floating borrowings has been calculated by discounting the expected future cash flows at the prevailing interest rate.

One cross-currency swap does not qualify for hedge accounting. For this contract, with a positive carrying value of € 266, a net realized gain of € 560 is recognized in the profit and loss account.

No collateral is made available as security to Exact.

Cash flow hedges

As per December 31, 2008 Exact held a cross-currency swap contract. This contract is being used to hedge the foreign currency risk for an inter-company debt with a term ending 2012.

	2008		2007	
	Assets	Liabilities	Assets	Liabilities
Cross-currency swap				
Fair value	-	1,087	-	154

The cash flow hedge liability was assessed to be highly effective and a net unrealized gain of € 439 (2007: € 279) with a deferred tax liability of € 226 (2007: € 142) relating to the hedging instruments is included in equity.

Cash flow hedge for acquisition of foreign operations

On September 17, 2007 Exact announced the acquisition of Longview Solutions Inc. in Canada. The transaction was expected to be closed on or before November 15, 2007. Exact hedged the currency risk of the purchase price for the period between signing the share purchase agreement and the actual payment date of the acquisition. The negative fair value change of this hedge instrument (closed in November 2007) amounted to € 1,597 and was recognized directly in equity until the acquired entity is disposed.

7.23 Segment Reporting

7.23.1 Business Segments

Since 2007, Exact has organized its business into four regions: the Netherlands, the Americas, EMEA and APAC. Longview, which was acquired in the last quarter of 2007, has not been integrated into the regions and is currently managed on a stand-alone basis, with exception of the back-office activities which have been integrated with the Americas.

The segment information for the year ended December 31, 2008 is as follows:

	Netherlands	Americas	EMEA	APAC	Longview	Total
Revenue	106,948	60,095	67,193	8,986	17,751	260,973
Operating income	18,353	11,724	14,624	1,271	3,401	49,373
Net income after taxes	18,943	6,783	7,271	178	3,650	36,825
Depreciation	2,844	777	963	154	138	4,876
Amortization	2,695	496	230	76	669	4,166
Impairment of property, plant, and equipment and intangibles	-	-	-	-	-	-
Impairment of trade receivables	736	687	1,513	400	-	3,336
Assets	89,098	64,358	41,150	12,667	26,268	233,541
Liabilities	30,423	20,072	26,339	2,694	4,896	84,424
Investments	3,706	1,437	502	146	153	5,944

The segment information for the year ended December 31, 2007 is as follows:

	Netherlands	Americas	EMEA	APAC	Longview	Total
Revenue	111,205	65,487	65,262	7,968	2,187	252,109
Operating income	27,947	9,714	11,675	825	(369)	49,792
Net income after taxes	27,685	5,167	5,353	1,109	(202)	39,112
Depreciation	2,800	845	1,188	146	21	5,000
Amortization	1,312	445	237	49	346	2,389
Impairment of property, plant, and equipment and intangibles	-	-	-	-	-	-
Impairment of trade receivables	701	606	1,487	822	(46)	3,570
Assets	123,235	63,855	38,508	8,334	35,041	268,973
Liabilities	29,284	19,485	27,368	2,364	4,798	83,299
Investments	13,099	2,350	1,227	552	40,379	57,607

Segment assets consist primarily of property, plant, equipment, intangible assets, inventories, receivables and cash and cash equivalents. They exclude (deferred) taxation and derivative financial instruments.

Reconciliation assets with balance sheet	2008	2007
Total assets in balance sheet as at December 31	**238,561**	275,024
Less:		
Deferred tax assets	**(4,754)**	(5,225)
Derivative financial instruments	**(266)**	(826)
Total assets in segmentation	**233,541**	268,973

Segment liabilities comprise operating liabilities. They exclude items such as (deferred) taxation, provisions and long-term loans.

Reconciliation liabilities with balance sheet	2008	2007
Total current liabilities in balance sheet as at December 31	**84,721**	86,214
Less:		
Corporate income tax	**(297)**	(2,915)
Total liabilities in segmentation	**84,424**	83,299

Investments comprise additions to intangible assets, property, plant and equipment as well as the additions resulting from acquisitions through business combinations.

7.23.2 Geographical Segments

Exact's four regions and Longview operate in nine geographical areas, even though they are managed on a worldwide basis. The home country of Exact - also the location of its main operating company - is the Netherlands. The business activities principally comprise development and sale of integrated IT solutions such as ERP software, as well as different front and back office applications.

	Netherlands	Americas	EMEA	APAC	Longview	2008	2007
Revenue							
The Netherlands	106,948	-	4,424	-	-	**111,372**	118,250
North America	-	49,786	-	-	17,544	**67,330**	58,022
Germany	-	-	17,311	-	-	**17,311**	14,603
Spain	-	-	9,681	-	-	**9,681**	10,092
Other Western European countries	-	-	18,720	-	207	**18,927**	19,230
Eastern Europe	-	-	12,305	-	-	**12,305**	9,507
Latin America	-	10,309	1,844	-	-	**12,153**	11,733
Asia/Pacific, including Middle East	-	-	2,241	8,986	-	**11,227**	10,036
Africa	-	-	667	-	-	**667**	636
Total	106,948	60,095	67,193	8,986	17,751	**260,973**	252,109

Revenues are allocated based on the country in which the customer is located.

	2008	2007
Total assets		
The Netherlands	**88,561**	83,504
North America	**82,173**	85,579
Germany	**7,118**	6,155
Spain	**9,197**	8,860
Other Western European countries	**17,307**	59,381
Eastern Europe	**5,184**	5,195
Latin America	**7,837**	8,247
Asia/Pacific, including Middle East	**15,692**	11,557
Africa	**472**	495
Total	**233,541**	268,973

Total assets are allocated based on where the assets are located.

	2008	2007
Total liabilities		
The Netherlands	**31,343**	31,521
North America	**22,386**	20,920
Germany	**8,394**	8,341
Spain	**2,573**	3,403
Other Western European countries	**7,086**	8,785
Eastern Europe	**4,083**	3,135
Latin America	**4,684**	3,692
Asia/Pacific, including Middle East	**3,561**	3,157
Africa	**314**	345
Total	**84,424**	83,299

Total liabilities are allocated based on where the companies of Exact are located.

	2008	2007
Investments		
The Netherlands	**3,636**	12,363
North America	**1,327**	21,094
Germany	**81**	295
Spain	**194**	256
Other Western European countries	**101**	21,622
Eastern Europe	**107**	87
Latin America	**263**	542
Asia/Pacific, including Middle East	**232**	1,340
Africa	**3**	8
Total	**5,944**	57,607

Total investments are allocated based on the location where the investments have been made. The investment in 2007 included, amongst others, the acquisition of Longview Solutions Inc.

7.24 Employee Benefits

Personnel expenses can be specified as follows:

	2008	2007
Salaries and wages	**103,839**	95,423
Social security	**10,077**	10,238
Pension costs – defined contribution plans	**1,164**	990
Contribution healthcare	**5,046**	4,096
Outwork	**7,296**	6,226
Other personnel expenses	**8,276**	9,854
Total	**135,698**	126,827

The employee benefits in 2008 are reduced by an amount of € 144 (2007: € 219) as a result of government grants received. In 2008 Exact's average number of employees was 2,569 (2007: 2,609). As per December 31, 2008 Exact employed 2,417 (2007: 2,682) employees (full time equivalent).

As per December 31, the employees worked in the following functional categories:

	2008	2007
Support	**22%**	24%
Services	**17%**	17%
Research and development	**22%**	23%
Sales and marketing	**21%**	18%
Finance and administration	**7%**	7%
Staff	**9%**	8%
General and management	**2%**	3%
Total	**100%**	100%

During the years 2008 and 2007, the estimated personnel expenses for research and development were € 20,782 and € 18,526 respectively. Those amounts represent 15.3% and 14.5% respectively of the total personnel expenses in each of those years. Of these personnel expenses for research and development an amount of € 1,710 (2007: € 1,155) was recognized as an intangible asset.

Remuneration of members of the Board of Managing Directors

	2008	2007
Salaries and other short-term employee benefits	**865,624**	805,608
Long-term bonus	**(42,424)**	74,000
Total	**823,200**	879,608

The remuneration of the members of the Board of Managing Directors is specified as follows for the years ending 2008 and 2007:

(2008, in euros)	Salary	Short-term bonus	Long-term bonus	Total
Raj Patel	404,200	152,772	(21,212)	535,760
Jim Kent*	241,389	67,263	(21,212)	287,440
Total	645,589	220,035	(42,424)	823,200

** In US dollars the salary of Jim Kent amounted to US 350K and the short-term bonus amounted to US 85K.*

(2007, in euros)	Salary	Short-term bonus	Long-term bonus	Total
Raj Patel	304,200	145,808	37,000	487,008
Jim Kent	256,606	98,994	37,000	392,600
Total	560,806	244,802	74,000	879,608

Short-term Bonus

The annual variable remuneration (i.e. the short-term bonus) is linked to predefined and measurable performance criteria that reflect Exact's short-term strategy. Of the annual variable remuneration, 80% is dependent upon financial criteria and 20% on non-financial criteria. The financial criteria relate to revenue growth (achieved both organically and through acquisitions) and EBITDA margin of Exact. The financial performance criteria for 2008 are for 70% related to revenue growth and for 30% related to the EBITDA margin.

Based on the actual results, the payout ratio for the bonus based on financial criteria was 53.3%, while the bonus payout ratio for the bonus based on non-financial criteria was based on achievement of personal goals. This results in an overall bonus payout ratio of 73.3% for Raj Patel and 53.3% for Jim Kent.

Long-term Bonus

The long-term remuneration agreement directly reflects the challenging performance targets formulated in the strategic plan for the years 2006-2008. These performance targets relate, inter alia, to revenue growth and profit margin. The long-term remuneration contains a once-only conditional award of shares in 2006, whereby a maximum of 70% of the reward in shares is based on Exact's revenue in 2008 and a maximum of 30% of the award in shares is based on Exact's profit margin in 2008. The Supervisory Board prefers to use shares as a long-term remuneration instrument as these are directly interrelated with shareholders' interests. The conditional shares have a maximum value at the date of award of € 300,000 for each member of the Board of Managing Directors. Three years after the conditional award, the shares shall be considered as unconditional award depending on the realized performance. Given the fact that the targets are considered as competition-sensitive information, no further details about these will be provided in this annual report. The Supervisory Board will ensure that the targets are ambitious, but also realistic.

As per December 31, 2008 the long-term remuneration is accounted for the amount of € 62.6 (€ 31.3 for each board member). This provision is recorded under the retained earnings.

Payments to members of the Supervisory Board in 2008 totaled € 110 (2007: € 110). The remuneration of the members of the Supervisory Board is not dependent upon Exact's result.

The remuneration of the members of the Supervisory Board can be specified as follows:

(in euros)	2008	2007
Erik van de Merwe (Chairman)	**45,000**	45,000
Hans de Boer	**35,000**	35,000
Rob Bonnier	**30,000**	30,000
Total	**110,000**	110,000

At the end of 2008, the Board of Managing Directors held no option rights on shares (2007: 0).

At year end, the Board of Managing Directors held the following number of shares:

	2008	2007
Raj Patel	**33,392**	20,992
Total	**33,392**	20,992

7.25 Other Operating Expenses

Other operating expenses can be specified as follows:

	2008	2007
Travel and accommodation	**10,471**	10,299
Voice and infrastructure	**5,428**	4,698
Housing and office	**11,108**	10,540
Provision for impairment of trade receivables	**3,336**	3,570
General	**4,815**	5,808
Total	**35,158**	34,915

7.26 Financial Income and Expenses

The financial expenses include an amount of € 592 (2007: € 462) for foreign exchange rate differences.

7.27 Income Tax

The activities of Exact are subject to corporate income taxes in all countries where Exact has an active subsidiary. The applicable statutory tax rates vary between 0% and 40%. Recognition of deferred income tax assets, tax losses carried forward and non-deductible expenses cause the effective tax rate to differ from the weighted average tax rate.

The effective tax rate, based on income before taxes, is 26.6% (2007: 25.4%).

The reconciliation between the tax charge on the basis of the weighted average tax rate and the effective tax rate can be specified as follows:

(in %)	2008	2007
Weighted average tax rate	**29.7**	27.1
Non-deductible expenses	**0.4**	2.6
Deferred tax assets and tax losses carry forward	**1.6**	0.5
Adjustments previous years	**(2.4)**	(2.0)
Exempt income	**(2.3)**	(3.7)
Other	**(0.4)**	0.9
Effective tax rate	**26.6**	25.4

7.28 Earnings per Share

Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of Exact by the weighted average number of ordinary shares outstanding during the year.

	2008	2007
Profit attributable to equity holders of Exact	**36,446**	38,211
Weighted average number of ordinary shares outstanding (thousands)	**23,618**	24,032
Basic earnings per share (€ per share)	**1.54**	1.59

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding, assuming conversion of all potential dilutive ordinary shares. The potential dilutive shares consist of share options. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of Exact's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated above is compared to the number of shares that would have been issued assuming the exercise of the share options.

	2008	2007
Profit attributable to equity holders of Exact	**36,446**	38,211
Weighted average number of ordinary shares outstanding (thousands)	**23,618**	24,032
Adjustment for share options (thousands)	**-**	-
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**23,618**	24,032
Diluted earnings per share (€ per share)	**1.54**	1.59

The dividends paid for 2007 amounted to € 38,211 (€ 1.59 per share) of which an amount of € 19,946 was paid in 2008. In respect to 2008 an interim dividend of € 0.69 per share was paid in August. A final dividend of € 0.87 per share, amounting to a total dividend of € 36,466 (€ 1.56 per share), shall be proposed at the Annual General Meeting of Shareholders on April 23, 2009. As result of the share buy-back program in 2008, the number of dividend entitled outstanding shares decreased, resulting in an additional dividend payment of € 0.02 per share compared to the EPS.

7.29 Contingencies

Exact has contingent liabilities in respect to bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

As per December 31, 2008, Exact had a total amount of € 1,718 (2007: € 2,108) issued for guarantees. Exact has issued a guarantee of € 113 (2007: € 113) to guarantee payment of a potential settlement of a dispute on behalf of its subsidiary Exact Software Nederland B.V. The remaining amount relates to several rental contracts.

Exact is involved in several legal cases. Management is of the opinion that the warranty provision and the provision for legal claims as per December 31, 2008 are adequate and that the final outcome of such litigation will not have a material adverse effect on Exact’s financial position or results of operations. New information could influence the outcome of these cases.

In 2008 Exact entered into a new rental contract for its main office in the Netherlands. The new rental contract will commence on the date the new building is completed and put at the disposal of Exact by the developer. It is expected that the building will be completed during Q1 2010. The rental contract will last for 15 years and the annual rental costs are estimated to start at € 1.7 million. For 2009 the liabilities out of this agreement will amount to be approximately € 600 which represents 3 months’ rent and will be established as a bank guarantee during 2009. See also note 7.30

7.30 Commitments

Exact rents offices and leases vehicles under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2008	2007
Not later than one year	**8,564**	11,179
Later than one year and not later than five years	**9,557**	15,696
Later than five years	**2,061**	4,498
Total	**20,182**	31,373

Lease new building

The rental contract will last for 15 years and the annual rental costs are estimated to start at € 1.7 million. For 2009 the liabilities out of this agreement will amount to be approximately € 600 which represents 3 months’ rent and will be established as a bank guarantee during 2009.

7.31 Events after the Balance Sheet Date

The following events occurred during the period of January 1, 2009 to April 7, 2009:

Orisoft Technology (“Orisoft”)
On January 16, 2009, Exact completed the acquisition of the HRM provider Orisoft Technology based in Kuala Lumpur, Malaysia. The acquisition will be integrated into Exact’s APAC region. Orisoft Group will enable Exact to further strengthen its HRM solution offering in the Asian and Pacific region. The estimated purchase price, paid in cash, amounts to € 3.1 million (including € 889 cash acquired). The company has not yet finalized the purchase price allocation and therefore cannot report a preliminary price allocation. Additional information is not available at this moment.

7.32 Related Parties

The following transactions occurred with related parties:

	2008	2007
Sale of services		
Not later than one year	**117**	123

In 2007 and 2008, Exact’s airplane was made available to Eduard Hagens, its former CEO and shareholder, and Arco van Nieuwland, shareholder, at their own expense. See also note 7.13

7.33 Exact Holding N.V. and Its Subsidiaries

The consolidated financial statements for 2008 include the financial statements of Exact Holding N.V. (Delft, The Netherlands) and the following subsidiaries:

The Netherlands

- Exact Group B.V., Delft[1]
  - Exact Corporate Services B.V., Delft
  - Exact International Development B.V., Delft
  - Exact EMEA B.V., Delft
  - Exact Maatwerk B.V., Delft
  - Exact Nederland B.V., Delft
  - Exact Online B.V., Delft
  - Exact Online Development B.V., Delft
  - Exact Retail B.V., Delft
  - Exact Small Business Solutions B.V., Delft
  - Exact Software Nederland B.V., Delft
  - Grote Beer Software B.V., Delft
  - Kooijman software B.V., Driebergen-Rijsenburg
  - Exact Easy Access B.V., Nijkerk (60%)
  - AllLicense Holding B.V., Amsterdam
    - Allways Information Systems B.V., Amsterdam
    - Allways Vastgoed B.V., Woerden

Europe

- Exact Software Austria GmbH, Vienna, Austria
- Exact Soft-2000 GmbH, Salzburg, Austria
- Exact Software Belgium N.V., Brussels, Belgium[2]
- Exact Software Czech Republic, s.r.o., Prague, Czech Republic
- Exact Software Nordic A/S, Copenhagen, Denmark
- Exact Software France Sarl., Paris, France
- Exact Software Deutschland GmbH, Munich, Germany
- Exact Software GmbH, Cologne, Germany
- Exact Software Hungary Kft., Budapest, Hungary
- Exact Software Ireland Ltd., Dublin, Ireland
- Exact Software Italia Srl, Cernusco sul Naviglio, Italia
- Exact Software Poland Sp. Z.o.o., Warsaw, Poland
- Exact Portugal Informatica, Lda, Braga, Portugal (80%)
- Exact Software Romania Srl., Bucharest, Romania[3]
- Exact Software Slovakia s.r.o., Bratislava, Slovakia (80%)
- Exact Software Spain S.L., Madrid, Spain
- Exact Software Basque Country S.L., Derio, Spain
- Exact Business Software (Switzerland) AG, Dübendorf, Switzerland
- Exact Software (UK) Ltd., Staines, Middlesex, United Kingdom[4]
- Exact Manufacturing Systems (UK) Ltd., Leichester, United Kingdom
- Longview Solutions Ltd, London, United Kingdom[5]
- Runservicenet Ltd., London, United Kingdom[6]

Asia

- Exact Software (Shanghai) Co. Ltd., Shanghai, China
- Exact Software Hong Kong, Ltd., Hong Kong
- PT Exact Software Indonesia, Jakarta, Indonesia (75%)[7]
- Exact Software Japan Co. Ltd., Tokyo, Japan
- Exact Software (Malaysia) Sdn. Bhd., Kuala Lumpur, Malaysia
- Exact Asia Development Centre Sdn. Bhd., Kuala Lumpur, Malaysia
- Exact Software Asia Sdn. Bhd., Kuala Lumpur, Malaysia
- Macola (M) Sdn. Bhd., Petaling Jaya, Malaysia
- Exact Software Philippines, Inc., Manila, Philippines
- Exact Software Singapore PTE Ltd, Singapore
- Exact Software (Thailand) Ltd., Bangkok, Thailand
- Exact Software (Vietnam) Ltd., Ho Chi Minh City, Vietnam

North America, Latin America and the Caribbean

- Exact Holding North America, Inc., Dover, Delaware, United States of America
  - Exact Software North America, LLC., Dover, Delaware, United States of America
  - Exact Software ERP-NA, LLC., Dover, Delaware, United States of America
  - Longview of America, Llc., Dover, Delaware, United States of America
- Vanguard Solutions Group, Llc., Dover, Delaware, United States of America
- Longview Solutions Inc., Markham, Ontario, Canada
- Exact Software Canada Ltd., Cambridge, Ontario, Canada
- Exact Software Argentina S.A., Buenos Aires, Argentina (93.10%)
- Exact Colombia S.A., Bogotá, Colombia
- Informatica y Gestión S.A., Bogotá, Colombia (70%)
  - Exact Siigo de Colombia ltda, Bogotá, Colombia
  - Exact Siigo de Ecuador S.A., Quito, Ecuador
  - Exact Siigo del Peru S.A.C., Lima, Peru
- Exact Software de Mexico S.A. de C.V., Guadalajara, Mexico
- Exact Software (International) N.V., Curaçao, Netherlands Antilles[8]
  - Exact Software (Antilles) N.V., Curaçao, Netherlands Antilles

Africa and the Middle East

Exact Software Maroc S.A., Casablanca, Morocco

Exact Software South-Africa (Pty) Ltd., Centurion, South Africa

Exact Software Middle East FZ-LLC, Dubai, United Arab Emirates (30%)[9]

Exact Software Kuwait LLC, Kuwait, Kuwait (49%)

Australia

Exact Software Australia (Pty), North Sydney, Australia

Branches/Trade name

Exact Group B.V. has a branch office in Moscow, Russia and uses the trade name 'Exact Russia Representative Office'. Exact Software Australia (Pty) has a sales office in New Zealand.

AllLicense Holding B.V. also uses the trade name 'AllSolutions'.

Subsidiaries not important to provide an insight into the Exact group of companies as required under Dutch law are omitted from this list.

1 Unless stated otherwise, Exact Group B.V. holds an interest of 100% (or almost 100%); Exact Group B.V. itself is a wholly owned subsidiary of Exact Holding N.V. Subsidiaries in which Exact Group B.V. does not hold an interest of 100% are indented under the corporation that holds the interest in that subsidiary or a footnote will state which corporation holds the interest in that subsidiary.

2 4,862 shares of the 4,158,785 shares in the capital of Exact Software Belgium N.V. are held by Exact International Development B.V.

3 Wholly owned subsidiary of Exact EMEA B.V., Delft, The Netherlands

4 Wholly owned subsidiary of Exact International Development B.V., Delft, the Netherlands

5 Wholly owned subsidiary of Longview Solutions Inc., Markham, Ontario, Canada

6 Wholly owned subsidiary of Longview of America Llc., Dover, Delaware, United States of America

7 25% of the shares are held by Exact EMEA B.V.

8 Wholly owned subsidiary of Exact Asia Development Centre Sdn. Bhd., Kuala Lumpur, Malaysia

9 Despite owning only 30% stake in Exact Software Middle East, Dubai, Exact fully consolidates this company because it has controlling power over it.

7.34 Dutch GAAP Company-only Balance Sheet *As at December 31*

(in thousands of euros)	Note	2008	2007
ASSETS			
Non-current assets			
Intangible fixed assets	*7.36.2*	**240**	300
Financial fixed assets	*7.36.3*	**250,259**	215,038
Property, plant and equipment	*7.36.4*	**14**	19
Total non-current assets		**250,513**	215,357
Current assets			
Corporate income tax		**3,000**	134
Other receivables and prepayments	*7.36.5*	**768**	407
Cash and cash equivalents	*7.36.6*	**561**	575
Total current assets		**4,329**	1,116
Total assets		**254,842**	216,473
EQUITY AND LIABILITIES			
Share capital	*7.36.7.1*	**488**	488
Capital surplus	*7.36.7.2*	**64,750**	89,802
Legal reserve cumulative translation adjustment		**(4,513)**	(4,834)
Other legal reserves	7.36.7.3	**(1,885)**	(1,683)
Retained earnings		**42,638**	40,955
Net income		**36,446**	38,211
Shareholders' equity		**137,924**	162,939
Non-current liabilities			
Deferred tax liabilities		**-**	418
Current liabilities			
Accounts payable and other liabilities		**332**	810
Group companies	*7.36.8*	**115,539**	51,524
Other taxes and social securities		**215**	157
Accrued liabilities		**832**	625
Total current liabilities		**116,918**	53,116
Total equity and liabilities		**254,842**	216,473

7.35 Dutch GAAP Company-only Income Statement *For the year ended December 31*

(in thousands of euros)	2008	2007
Income from participations in Group companies after taxes	**35,060**	36,961
Other income after taxes	**1,386**	1,250
Net income	**36,446**	38,211

7.36 Notes to the Dutch GAAP Company-only Financial Statements

7.36.1 Basis of Preparation

Unless stated otherwise, all amounts are in thousands of euros.

The company-only financial statements have been prepared in accordance with accounting principles generally accepted in the Netherlands (NL GAAP).

The accounting policies used are almost the same as those used in the consolidated financial statements in accordance with article 362-8 of Book 2 of the Dutch Civil Code. Investments in subsidiaries are accounted for at net asset value in accordance with the equity method.

In conformity with article 402, Book 2 of the Dutch Civil Code, a condensed statement of income is included in the Exact Holding N.V. accounts.

A list with Exact's participations is disclosed in the consolidated financial statements on page 124 to page 125.

7.36.2 Intangible Fixed Assets

The intangible fixed assets are related to purchased software.

The changes in intangibles fixed assets are as follows:

	2008	2007
Balance as at January 1		
Purchase value	**300**	-
Cumulative amortization	**-**	-
Bookvalue	**300**	-
Investments	**-**	300
Amortization	**(60)**	-
Changes in bookvalue	**(60)**	300
Balance as at December 31		
Purchase value	**300**	300
Cumulative amortization	**(60)**	-
Balance as at December 31	**240**	300

7.36.3 Financial Fixed Assets

The changes in financial fixed assets are as follows:

	2008	2007
Balance as at January 1	**215,038**	183,782
Result from participations in Group companies	**35,060**	36,961
Translation result	**321**	(3,829)
Cash flow hedge result recognized in equity	**(160)**	(1,876)
Balance as at December 31	**250,259**	215,038

7.36.4 Property, Plant and Equipment

The movements in property, plant and equipment are summarized below:

	2008	2007
Balance as at January 1		
Purchase value	**20**	455
Cumulative amortization	**(1)**	(151)
Bookvalue	**19**	304
Net bookvalue inter-company transfers	**-**	(252)
Investments	**-**	20
Depreciation	**(5)**	(28)
Disposals	**-**	(25)
Changes in bookvalue	**(5)**	(285)
Balance as at December 31		
Purchase value	**20**	20
Cumulative amortization	**(6)**	(1)
Balance as at December 31	**14**	19

The property, plant and equipment as at December 31, 2007 and 2008 are related to furniture.

7.36.5 Other Receivables

As at December 31, 2008 the other receivables included a receivable of € 33 (2007: € 92) from Eduard Hagens, former CEO of Exact and shareholder, and € 24 (2007: € 38) from Arco van Nieuwland, shareholder.

7.36.6 Cash and Cash Equivalents

As at December 31, 2008 Exact had cash balances of € 561 (2007: € 575). No restrictions exist on cash.

7.36.7 Shareholders' Equity

(in thousands)	Common shares	Treasury shares	Share capital €	Capital surplus €	Cash flow hedge reserve €	Other reserves €	Retained earnings €	Cumulative translation adjustment €	Share-holders' equity €
Balances at January 1, 2007	**24,400**	**368**	**488**	**89,802**	**-**	**119**	**93,346**	**(1,005)**	**182,750**
Cash flow hedges	-	-	-	-	(1,876)	-	-	-	(1,876)
Currency translation adjustment	-	-	-	-	-	-	-	(3,829)	(3,829)
Total income and expense for the period recognized directly in equity	**-**	**-**	**-**	**-**	**(1,876)**	**-**	**-**	**(3,829)**	**(5,705)**
Net income	-	-	-	-	-	-	38,211	-	38,211
Total income and expense for the period	**-**	**-**	**-**	**-**	**(1,876)**	**-**	**38,211**	**(3,829)**	**32,506**
Dividend related to 2006	-	-	-	-	-	-	(34,126)	-	(34,126)
Interim dividend 2007	-	-	-	-	-	-	(18,265)	-	(18,265)
Long-term incentive plan	-	-	-	-	-	74	-	-	74
Balances at December 31, 2007	**24,400**	**368**	**488**	**89,802**	**(1,876)**	**193**	**79,166***	**(4,834)**	**162,939**

** Payout of the retained earnings will be restricted for the negative amount of the cumulative translation adjustment of € 4,834, the cash flow hedge reserve of € 1,876, and the capitalized internally generated software amounting to € 1,790*

(in thousands)	Common shares	Treasury shares	Share capital €	Capital surplus €	Cash flow hedge reserve €	Other reserves €	Retained earnings €	Cumulative translation adjustment €	Share-holders' equity €
Balances at January 1, 2008	**24,400**	**368**	**488**	**89,802**	**(1,876)**	**193**	**79,166**	**(4,834)**	**162,939**
Cash flow hedges	-	-	-	-	(160)	-	-	-	(160)
Currency translation adjustment	-	-	-	-	-	-	-	321	321
Total income and expense for the period recognized directly in equity	**-**	**-**	**-**	**-**	**(160)**	**-**	**-**	**321**	**161**
Net income	-	-	-	-	-	-	36,446	-	36,446
Total income and expense for the period	**-**	**-**	**-**	**-**	**(160)**	**-**	**36,446**	**321**	**36,607**
Dividend related to 2007	-	-	-	-	-	-	(19,946)	-	(19,946)
Interim dividend 2008	-	-	-	-	-	-	(16,582)	-	(16,582)
Repurchase of shares	-	1,220	-	(25,052)	-	-	-	-	(25,052)
Long-term incentive plan	-	-	-	-	-	(42)	-	-	(42)
Balances at December 31, 2008	**24,400**	**1,588**	**488**	**64,750**	**(2,036)**	**151**	**79,084***	**(4,513)**	**137,924**

** Payout of the retained earnings will be restricted for the negative amount of the cumulative translation adjustment of € 4,513, the cash flow hedge reserve of € 2,036, and the capitalized internally generated software amounting to € 3,420*

7.36.7.1 Share Capital

The authorized share capital of Exact amounts to € 1.5 million, consisting of 75 million ordinary shares, each with a nominal value of € 0.02 per share. Currently, there are 24,400,405 (2007: 24,400,405) ordinary shares outstanding, which are fully paid. 1,588,056 (2007: 368,061) ordinary shares are held in treasury by Exact, and remain available for general purposes of the company, including but not limited to M&A activities. No treasury shares were transferred to exercise options nor were treasury shares sold in 2008 (2007: 0).

7.36.7.2 Capital Surplus

The ordinary shares held in treasury by Exact have been deducted from the capital surplus at their purchase price. In 2008 Exact repurchased 1,219,995 of its shares which are currently held in treasury by Exact. The purchase price of these shares amounting to € 25,052 was deducted from the capital surplus.

7.36.7.3 Other Legal Reserves

The legal reserve relates to the revaluation of the net assets of a subsidiary in Latin America in conformity with IAS 16 of € 88 (2007: € 88) and the share-based payment for the Board of Managing Directors for the long-term bonus of € 63 (2007: € 105) and the cash flow hedges.

7.36.7.4 Share-based Payments

See note 7.17 of the consolidated financial statements for the disclosure of the share-based payments.

7.36.8 Group Companies

Payables mature within one year.

7.36.9 Employee Benefits

Personnel expenses can be specified as follows:

	2008	2007
Salaries and wages	**3,393**	2,619
Social security	**117**	99
Pension costs – defined contribution plans	**-**	-
Contribution healthcare	**64**	52
Outwork	**404**	262
Other personnel expenses	**1,612**	2,402
Total	**5,590**	5,433

All personnel expenses have been charged to Group companies.

See note 7.24 of the consolidated financial statements for the disclosure of the remuneration of Board of Managing Directors.

7.36.10 Other Operating Expenses

During 2008 the following expenses were charged by Ernst & Young Accountants LLP:

	2008	2007
Audit	233	241
Audit related	67	39
Other	7	3
Total	307	283

During 2008 the following expenses were charged by other Ernst & Young partnerships in the Netherlands:

	2008	2007
Ernst & Young Belastingadviseurs LLP		
Tax-related advice	39	54
Total	39	54

These costs have been charged to group companies.

7.36.11 Earnings per Share

See note 7.28 of the consolidated financial statements for the disclosure of the earnings per share.

7.36.12 Employees

In 2008 Exact's average number of employees was 24 (2007: 29). Costs related to the employees have been charged to group companies.

7.36.13 Contingencies

Exact has contingent liabilities in respect to bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

As per December 31, 2008, Exact had a total amount of € 584 (2007: € 584) issued for guarantees. Exact has issued a guarantee of € 113 (2007: € 113) for a payment of a potential settlement of a dispute on behalf of its subsidiary Exact Software Nederland B.V. The remaining amount relates to the rental contract of the office in Delft.

Exact Holding N.V. issued a liability statement for almost all of its subsidiaries in the Netherlands in conformity with article 2:403 paragraph of the Dutch Civil Code.

7.36.14 Commitments

The future aggregate minimum contract payments amount to € 0 (2007: € 0).

Delft, April 7, 2009

Board of Managing Directors

Raj Patel

Jim Kent

Supervisory Board

Erik van de Merwe

Hans de Boer

Rob Bonnier

8. Appendix to the Financial Statements

8.1 Auditor’s Report
8.2 Provisions Governing Profit Appropriation
8.3 Proposed Dividend to Shareholders
8.4 Forward-looking Statements Notice

8. Appendix to the Financial Statements

8.1 Auditor's Report

To: the Board of Managing Directors of Exact Holding N.V.

Report on the Financial Statements
We have audited the financial statements 2008 of Exact Holding N.V., Delft, the Netherlands as set out on pages 77 to 133. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements as set out on pages 77 to 125 comprise the consolidated balance sheet as at December 31, 2008, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements as set out on pages 126 to 133 comprise the company balance sheet as at December 31, 2008, the company 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 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report of the Board of Managing Directors 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 with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Exact Holding N.V. as at December 31, 2008, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Exact Holding N.V. as at December 31, 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.

The Hague, April 7, 2009

Ernst & Young Accountants LLP

/s/ H. Hollander

8.2 Provisions Governing Profit Appropriation

The provisions governing the profit appropriation are set out in article 23 and 24 of the Articles of Association.

Article 23

1. The Board of Managing Directors shall determine, subject to the approval of the Supervisory Board, which amount of the profit will be added to the reserves. The balance of the profit shall be at the free disposal of the General Meeting. In calculating the amount of profit to be distributed in respect of each share, only the amount of the mandatory payments towards the nominal amount of the shares shall be taken into account.
2. Exact may make distributions to shareholders and other persons entitled to distributable profits only to the extent that the shareholders' equity exceeds the sum of the paid and any called-up part of the share capital and the reserves which must be maintained by law.
   In calculating the appropriation of profits, the shares held by Exact in its own share capital shall not be taken into account.
3. Distribution of profits shall take place after the adoption of the Annual Accounts that show that the distribution is permitted.
4. The Board of Managing Directors may resolve to distribute one or more interim dividends and/or other interim distributions, provided that the requirement laid down in paragraph 2 has been met as shown in an interim statement of assets and liabilities as referred to in Article 2:105(4) of the Netherlands Civil Code.
5. Subject to the approval of the Supervisory Board, the Board of Managing Directors may resolve that a dividend on shares shall be distributed in the form of shares instead of cash, or to resolve that shareholders be given a choice as to whether to receive a dividend in the form of cash or shares, all the above to the extent that Board of Managing Directors has been designated pursuant to Article 8 as the body empowered to resolve to issue shares.
   Subject to the approval of the Supervisory Board, the Board of Managing Directors shall determine the conditions subject to which such a choice can be made.
6. Subject to the approval of the Supervisory Board, the Board of Managing Directors may resolve to make distributions to the shareholders out of one or more reserves in the form of either cash, shares or a combination of the two, in proportion to the aggregate nominal amount of each shareholder's shares, all the above provided that the requirement laid down in paragraph 2 has been met as shown in an interim statement of assets and liabilities as referred to in Article 2:105(4) of the Netherlands Civil Code.

Article 24

1. Distributions pursuant to Article 23 shall be due and payable as from a date to be determined by the Board of Managing Directors.
2. Distributions pursuant to Article 23 shall be payable at an address or addresses, in the Netherlands and abroad, to be determined by the Board of Managing Directors.
3. A shareholder's claim for payment of dividends shall lapse on the expiry of a period of five years following the date on which the claim became due and payable.

8.3 Proposed Dividend to Shareholders

Profit Appropriation 2007

The General Shareholders' Meeting agreed with the proposed dividend distribution of € 1.59 per share for the year 2007.

(in thousands of euros)	
Addition to retained earnings	-
Interim and final dividend in cash (€ 1.59 per share)	38,211
Total	38,211

Proposed Profit Appropriation 2008

It will be proposed to the General Shareholders' Meeting that the profit for 2008 will be appropriated as follows:

(in thousands of euros)	
Addition to retained earnings	-
Interim dividend paid in August 2008 (€ 0.69 per share)	16,582
Available for final dividend in cash (€ 0.87 per share)	19,847
Total	36,429

8.4 Forward-looking Statements Notice

This annual report contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, constitute forward-looking statements.

Forward-looking statements generally can be identified by the use of forward-looking terminology, such as 'may', 'shall', 'will', 'could', 'should', 'expect', 'anticipate', 'intend', 'plan', 'believe', 'seek', 'potential', 'predict', 'continue', 'estimate', 'project' and similar terms and phrases. These statements include, among others, statements regarding our business strategy, future financial position and results, our management's plans and objectives for future operations, and discussion of future developments with respect to the business of Exact. Forward-looking statements are by nature subject to substantial risks and uncertainties, and investors should not unduly rely on such statements.

Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, many of which are beyond our control, including, but not limited to:

- general economic conditions, in particular in the markets in which we sell our products;
- performance of financial markets;
- currency exchange rates;
- our ability to continue our expansion in new and existing markets;
- our ability to keep pace with technological changes and to develop and commercialize new products;
- our ability to integrate acquisitions and manage the continuous growth of Exact;
- behavior of our customers, resellers, suppliers and competitors;
- our ability to recruit and retain key personnel;
- changes in governmental policies, laws or regulations, or international conventions and standards, in particular those in the Netherlands, the USA and the European Union;
- the other risk factors discussed in this annual report, including those set forth under 'Risk factors'.

The forward-looking statements that we make represent our judgment as of the dates on which the statements were made. With the exception of the matters required by all applicable laws of applicable jurisdictions and/or the regulations of Euronext, including the AEX Listing and Issuing Rules, we assume no obligation to update any information contained in this Annual Report. Nor do we assume any obligation to publicly release the results of any revisions to any forward-looking statements to reflect events or circumstances that occur, or that we become aware of, after the date of this annual report.

SPECIAL THANKS TO THE FOLLOWING COMPANIES FOR HAVING PROVIDED PHOTOGRAPHS FOR THIS ANNUAL REPORT, AND FOR BEING OUR CUSTOMERS.

Cordaid	10
Rituals Cosmetics Netherlands B.V.	14
Vacu Vin B.V.	22
Royal Delft N.V.	36
SENZ Umbrellas B.V.	38
Cerámica Italia S.A.	40
Sevilla F.C. S.A.D.	42
Alltech Inc.	44
Superfeet Inc.	46
Het Nederlandse Rode Kruis (The Netherlands Red Cross)	48
Boon Inc.	50
Annie’s Inc.	54
Spyker Cars N.V.	72

Exact 25 YEARS

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