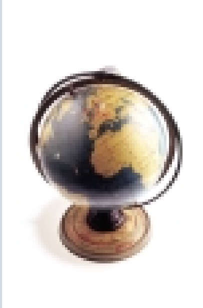


CENIT AG SYSTEMHAUS

ANNUAL REPORT **1999**

CENIT innovates

YOU HAVE NEW MAIL ;-)

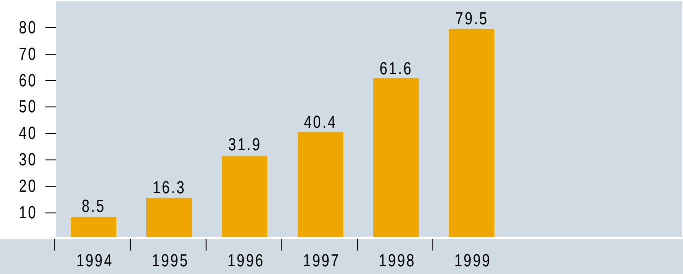
THE CENIT GROUP AT A GLANCE

in million units if not stated otherwise	1999	1998	1997
PERFORMANCE FIGURES			
Sales	79.5	61.6	40.4
Gross profit	40.5	30.3	19.5
Depreciation	1.80	1.30	0.95
Net income	3.21	1.62	0.64
Operating earnings (EBIT)	5.7	5.0	1.9
Cash flow	5.00	2.92	1.59
Earnings acc. to DVFA/SG	3.21	2.31	0.64
BALANCE SHEET FIGURES			
Total assets	41.99	36.49	12.83
Shareholders' equity	25.80	23.09	1.86
Investments	2.92	2.49	0.58
KEY FINANCIAL RATIOS			
Return on sales	4.15%	2.90%	2.34%
EBIT/sales	7.2%	8.1%	4.8%
Equity ratio	61.44%	63.28%	14.47%
Return on equity	15.31%	9.19%	35.96%
Earnings per share acc. to IAS (EUR)	0.80	0.41	0.17
Dividend amount (EUR)	1.0*	0.51	–
Number of shares (in million units)	4	1	–
Dividend per share (EUR)	0.25*	0.51	–
Number of employees (as at December 31st)	440	315	211

* Proposal to shareholders' meeting

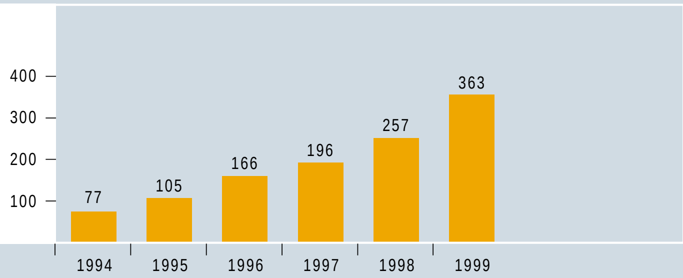
DEVELOPMENT OF SALES

in mill. EUR



DEVELOPMENT OF THE WORKFORCE

(ANNUAL AVERAGE)



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BOARD OF MANAGEMENT_CENIT

FOREWORD BY THE **BOARD OF MANAGEMENT**

DEAR SHAREHOLDERS,

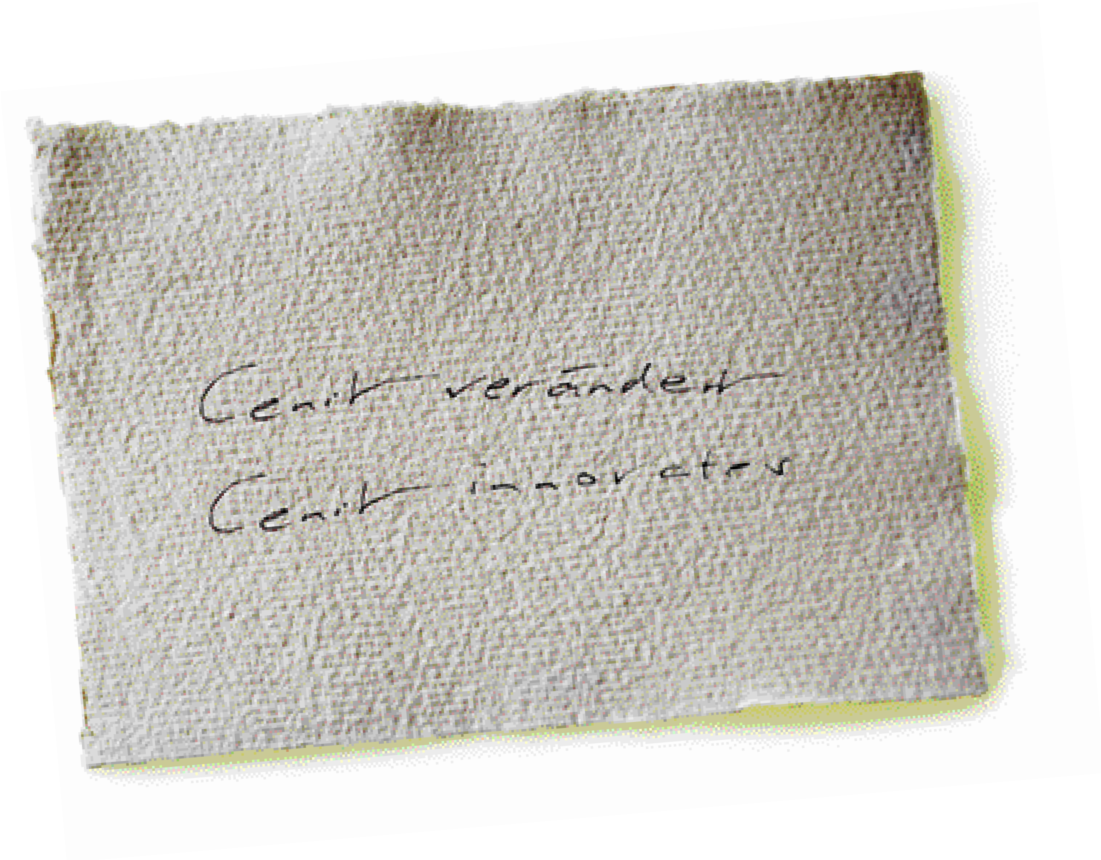
A rise of 29 per cent in sales to EUR 79.5 million, a 34 per cent rise in gross profit to EUR 40.5 million, and 440 employees after 315 in the previous year - these are the key figures for the fiscal year 1999. In the final analysis, this positive development is owed to the above-average commitment of all CENIT staff and we want to thank them most warmly for it.

On the threshold to the new millennium, we made momentous decisions regarding our course so as to be able to continue the success of CENIT AG Systemhaus in the future. Important decisions were made at our first annual shareholders' meeting, for instance. You authorised the board of management to increase the company's capital with the consent of the supervisory board through the issue of new shares. Approval was also given to the repurchase of the company's own shares. These decisions have given CENIT AG Systemhaus the flexibility it needs to act quickly when it wants to acquire enterprises and equity participations.

With 125 new employees altogether, we increased the number of our highly qualified employees. We also expanded our regional presence in Germany. In January, our new branch in the nation's capital Berlin took up its activities. At the same time, a team of specialists has now expanded the spectrum of services provided by CENIT AG Systemhaus with the addition of consulting activities. The newly founded subsidiary in Switzerland was also an important module in the CENIT group's globalisation strategy. The UK. France and the USA are other target markets.

We have also adapted our internal structures to meet the challenges of the future and consistently aligned towards expansion. In order to achieve the medium-term goal of c. 40 per cent growth per year, we shall be increasingly investing in Internet technologies. Thanks to our comprehensive know-how in the three segments e-business, CAD/CAM Solutions and IT Services, we shall be playing an increasingly important role in this area. Our new motto - "Get the web advantage" - is intended to indicate this. But it is not only our customers' business processes that are to be optimised with the enormous possibilities offered by the Internet. What we want to do is to make you feel sure that your investment in CENIT AG was a good decision.

Falk Engelmannn
Spokesman of the Board of Management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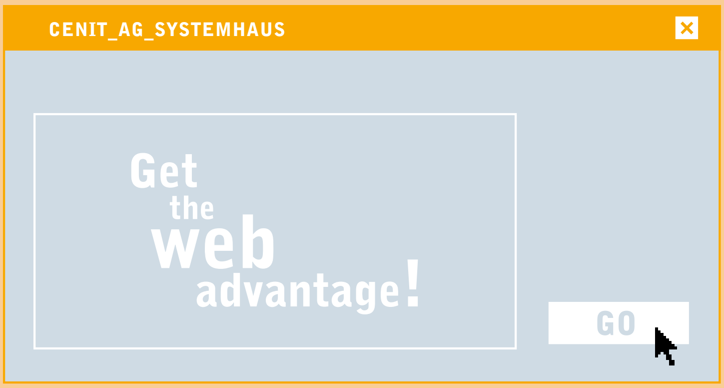
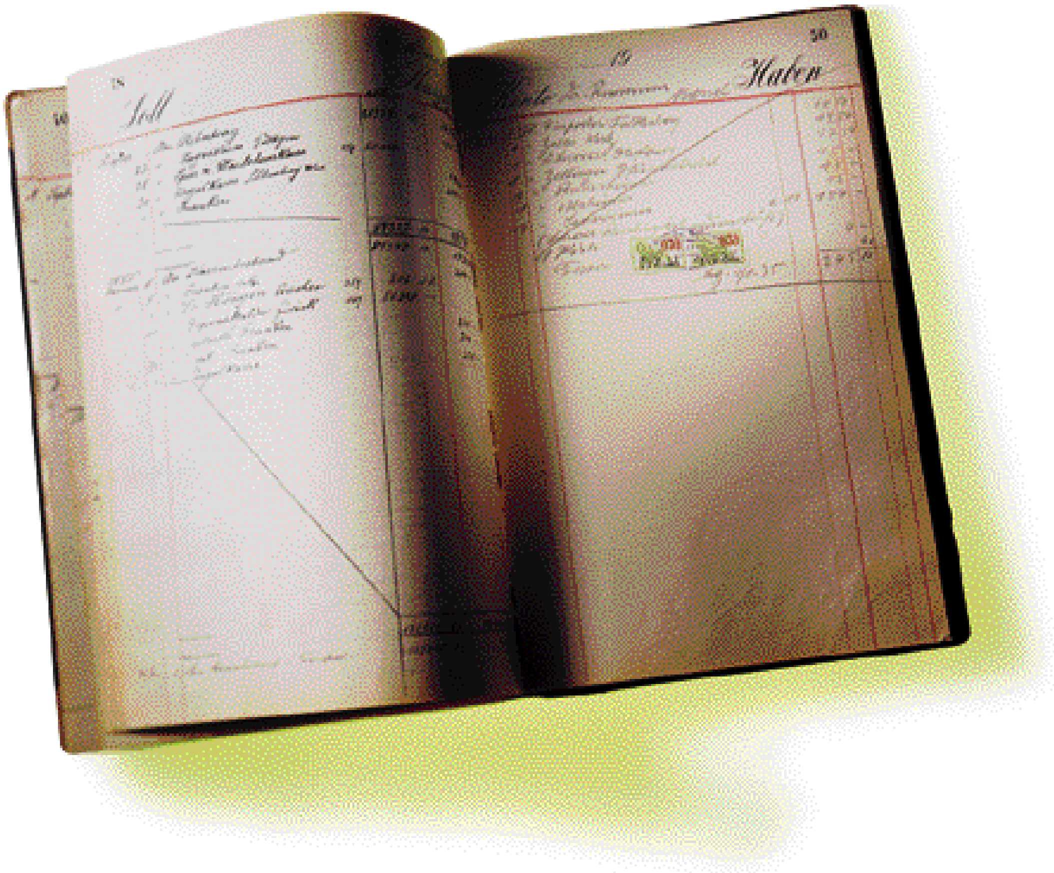
Cenit innovativ


CENIT_AG_SYSTEMHAUS
Get the web advantage!
GO

PHILOSOPHY

Courage to change things is important if one is to survive the dynamic changes taking place in the competitive environment. For it is only where something changes that room is created for something new.

Our new vision developed from this principle which will continue to shape our thoughts and activities in the future: CENIT will be worldwide the driving force for implementing business processes with Web-based technologies. Our comprehensive integration know-how together with the enormous possibilities offered by the Internet will give our customers a decisive competitive edge. The new CENIT motto "Get the web advantage" will give emphasis to this goal in future.



AD-HOC-SERVICE > DGAP **SEND**

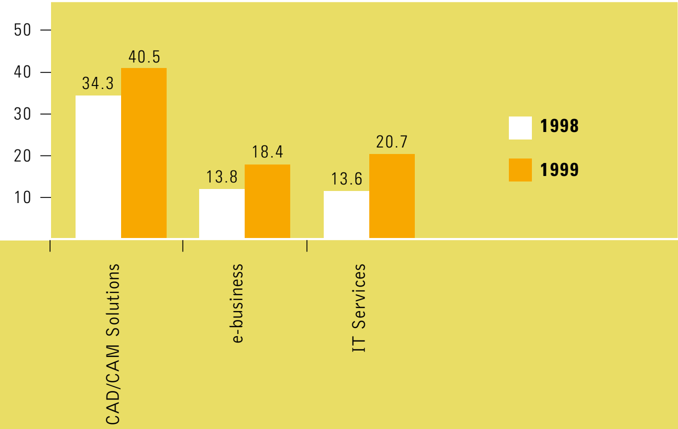
FOREWORD TO THE MANAGEMENT REPORT 1999

Double-digit growth rates for sales and earnings characterised the business development of CENIT AG Systemhaus in 1999. Sales increased 29 per cent from EUR 61.6 million to EUR 79.5 million. Gross earnings rose by 34 per cent to EUR 40.5 million (1998: EUR 30.3 million) and operating earnings increased by 14 per cent to reach EUR 5.7 million (1998: EUR 5.0 million). We have increased our staff by 125 to 440, thus creating the basis for our growth targets in the year 2000. By focussing mainly on Internet technologies, we aim to achieve sales of EUR 112 million in the fiscal year 2000 business year. Operating earnings are to increase to EUR 8.4 million. This represents a growth of more than 40 per cent.

MANAGEMENT REPORT ON CENIT AG SYSTEMHAUS AND THE GROUP FOR 1999

SALES DEVELOPMENT
BUSINESS SEGMENTS

EUR million



EXPORT STRENGTHENS ECONOMY

The world economy recovered markedly within the course of 1999. Production in the emerging economies of Asia came back to life, supported by the stabilisation of the financial and foreign exchange markets. The economy in Germany also picked up again around the middle of 1999. This development came mainly on the back of the export business which experienced a strong revival in spring. This revival was triggered by both the growth in world trade and a weaker euro. The dynamic growth in the area of machinery and equipment investments, especially in the area of EDP, weakened again by year's end. According to preliminary estimates by the Federal Bureau of Statistics, GDP - due to a weak first half of the year - rose by an average of 1.4 per cent (1998: 2.2 per cent).

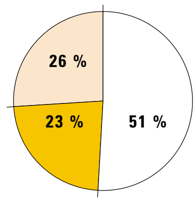
SECTOR CONTINUES TO GROW

The strong growth in the European market for Information Technology remains undaunted. According to estimates by the European Information Technology Observatory (EITO), the market volume rose by 10.7 per cent in 1999 to a total of just under EUR 214 billion. IT services take the top position here, displaying growth of 16.1 per cent. The market for software gained 13 per cent.

This rapid growth continued in Germany as well. The Federal Association for Information, Telecommunications and New Media (German abbreviation: BITKOM) calculates an increase in sales for the German Information Technology market in 1999 of 9.4 per cent to EUR 51.6 billion. The areas of software and IT services developed the strongest. Both showed growth rates of around 12 per cent. Software sales reached EUR 25 billion and revenue from IT services was EUR 14.8 billion. The overall extremely positive development was only slowed down by the lack of qualified personnel.

Supported by the constant upwards trend on the market for Information Technology, CENIT AG Systemhaus was able to strengthen its position as one of the leading system houses in Germany. This is reflected in the company's sales and earnings figures. We were also able to strengthen our geographical presence with a new branch in Berlin and a newly created subsidiary in Switzerland. Strategic partnerships with globally established firms such as Dassault Systémes, FileNet, IBM, Lotus, Tivoli and SAP were intensified and additional co-operation agreements were reached with companies such as Intershop, ITI and Phoenix.

MANAGEMENT REPORT ON CENIT AG SYSTEMHAUS AND THE GROUP FOR 1999



SALES ACCORDING TO BUSINESS SEGMENTS

STRONG SALES GROWTH

The development in sales in 1999 was affected by CENIT AG Systemhaus' seasonal business cycle. In the first half of the year, we were able to post sales and earnings growth in line with our target figures. Reluctance on the part of investors to invest due to the Y2K problem resulted in a slight weakening in the company's sales development in the third quarter. This trend continued into the fourth quarter, CENIT's most important quarter and, as a result, the original sales target of EUR 84.87 million was not met.

Despite these influences, the CENIT group achieved double-digit growth rates. With a plus of 29 per cent, sales increased from EUR 61.6 million to EUR 79.5 million. The figure most significant for growth at the CENIT group, gross earnings (sales minus goods and services purchased externally), rose by 34 per cent to EUR 40.5 million (1998: EUR 30.3 million). Our one hundred per cent subsidiary in Great Britain, CENIT Ltd., Altricham, increased its sales by 38 per cent to EUR 2.1 million (1998: EUR 1.5 million).

With the exception of the fourth quarter, the orders situation developed as expected and comprised mainly medium-term orders. The average expressed in days of such orders increased by around 5 per cent. Business with hardware and network components, one of the areas contributing to sales, showed a gratifying development in the year under report. In achieving these sales, CENIT AG Systemhaus was able to keep its margins stable, contrary to the trend in this sector.

In the business segment CAD/CAM Solutions, the areas of Product Data Management, Manufacturing Solutions, Consulting and Training were especially successful. For the first time, positive impetus was received here from Internet-oriented topics. The sales development of the CAD/CAM system CATIA showed difficulties, mainly in the last two quarters. The reason: the new software version was not yet available to its full extent in 1999.

CENIT was nonetheless able to strengthen its position as the worldwide leading CATIA partner with IBM. Sales in the business segment CAD/CAM Solutions thus increased 18 per cent to EUR 40.5 million (1998: EUR 34.3 million).

The furious pace of development of the Internet and the continuing trend toward integrating business processes electronically, made up the basis for the positive development in the business segment e-business. Sales here increased to EUR 18.4 million (1998: EUR 13.8 million).

MANAGEMENT REPORT ON CENIT AG SYSTEMHAUS AND THE GROUP FOR 1999

This represents a growth of 33 per cent over the year-earlier period.

High demand for professional services in the area of Information Technology was reflected in the full capacity utilisation in the business segment IT Services. Along these lines, sales in this area increased by 52 per cent to EUR 20.7 million (1998: EUR 13.6 million). Especially in this segment, the CENIT group was able to achieve higher growth rates than the rest of the market.

PRODUCTS AND PARTNERS

Along with several special products, the CENIT group's software offering is mostly made up of solutions from worldwide leading software houses. Supplier agreements have been concluded with strategic partners such as Dassault Systèmes, FileNet, IBM, Lotus, Tivoli, SAP and Intershop.

DOUBLE-DIGIT INCREASE IN EARNINGS

Despite a relatively weak fourth quarter caused by the above-mentioned factors, CENIT achieved a very gratifying increase in earnings. The operating result rose by 14 per cent to EUR 5.7 million (1998: EUR 5 million). At EUR 3.6 million, the business segment CAD/CAM Solutions remained at the previous year's level (1998: EUR 3.58 million). Strong growth rates were recorded in the segments e-business - 9 per cent to EUR 0.84 million (1998: EUR 0.77 million) – and IT Services – 86 per cent to EUR 1.23 million (1998: EUR 0.66 million). Other earnings reached EUR 0.29 million.

The development in the group's net annual income according to IAS was especially positive. This increased by 100 per cent to EUR 3.2 million (1998: EUR 1.6 million). This can be put down to the following factors: improved result from ordinary business, as opposed to the previous year no extraordinary expenses, as well as a slightly lower average tax rate. These figures resulted in earnings per share according to IAS of EUR 0.80 (1998: EUR 0.41).

CENIT AG Systemhaus will continue its dividend policy in fiscal 1999 and will share the company's success with its shareholders by paying out around 30 per cent of its profits. Therefore, at the annual shareholders' meeting on May 31st, 2000, the board of management and the supervisory board will propose making dividend payments of EUR 0.25 per share.

MANAGEMENT REPORT ON CENIT AG SYSTEMHAUS AND THE GROUP FOR 1999

BALANCE SHEET STRUCTURE EUR m		
ASSETS	**1999**	**1998**
Fixed assets	4.32	2.96
Current assets	37.48	33.45
Prepaid expenses	0.19	0.08
Total	**41.99**	**36.49**
LIABILITIES		
Shareholders' equity	25.80	23.09
Special item with an equity portion	0.00	0.01
Provisions	3.50	2.96
Deferred taxes	0.11	0.09
Liabilities	12.58	10.33
Total	**41.99**	**36.49**

BALANCE SHEET STRUCTURE

See table above

As per resolution passed at the annual shareholders' meeting, CENIT AG Systemhaus' capital was increased using company resources from DM 5 million to EUR 4 million.

INVESTMENTS

Once again in 1999, the company concentrated its investment activities on strengthening its work force and related expenses for training and work supplies. Furthermore, CENIT AG Systemhaus invested in the expansion of its technical infrastructure, not only at its head office in Stuttgart and in all of its branch offices (Frankfurt, Dusseldorf, Hanover, Munich and Saarbrucken) but at its English subsidiary, CENIT Ltd., as well. In total, investments of EUR 2.92 million were made. Depreciation totalled EUR 1.8 million (1998: EUR 1.3 million).

CONTINUOUS HIRING

Despite the tense situation on the job market for IT specialists, the CENIT group succeeded in strengthening its staff. By December 31st, 1999, the number of employees increased by 125 to 440 (1998: 315) thus surpassing expectations. In addition to this figure, there was a varying number of degree candidates, interns, temporary workers and part-time employees. At 5 %, the turnover rate was extremely low, as was the rate of illness.
In order to tie employees to the company on a long-term basis, an employee participation scheme was launched in autumn. Convertible bonds are to enable employees to benefit from the successful development of the company.

RESEARCH AND DEVELOPMENT

CENIT does not conduct basic research. Together with partners such as Dassault Systèmes, SAP, Tivoli, FileNet and Intershop we develop customer-specific enhancements for existing software solutions.

At the CENIT Competence Center (CCC) the latest hardware and software products are tested for their performance capabilities. In this way, information bundled via current developments is available to employees immediately and provides a decisive advantage over the competition.

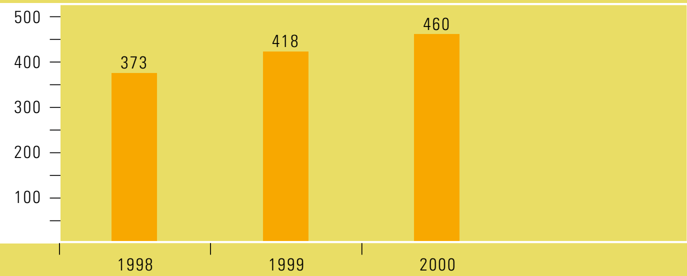
RISKS IN FUTURE DEVELOPMENTS

Along with financial service providers, energy companies and trading companies, around 70 per cent of CENIT's customers come from the manufacturing sector, with its main focus on the automobile industry

MANAGEMENT REPORT ON CENIT AG SYSTEMHAUS AND THE GROUP FOR 1999

IT MARKET IN EUROPE

in bn. DM



(Source: EITO)

and their suppliers. Market fluctuations affecting the automobile industry could possibly also affect the business situation at CENIT AG Systemhaus. However, on the one hand, CENIT can make a contribution toward rationalisation efforts in the automobile industry, and on the other, the company has an extensive range of services available to other sectors so that CENIT is not likely to be hit very hard by such risks.

As IBM's worldwide leading distribution partner for the CAD/CAM/CAE solution, CATIA, CENIT AG Systemhaus made a considerable portion of its earnings directly or indirectly with CATIA. This means there is a certain amount of dependence on the system and on IBM.

IBM Informationssysteme GmbH and CENIT AG Systemhaus have concluded a business partner agreement which is concluded each time for one year. Since approximately 49% of the gross operating result comes from the sale of CATIA and the sales of own developments for enhancing CATIA as well as from services in this field, the contractual agreement is of major significance for CENIT AG Systemhaus. Although very good business relations currently exist with the IBM Corp. and the German subsidiary, IBM Informationssysteme GmbH, and a clear tendency in this sector toward indirect sales can be observed, it cannot be ruled out that IBM Corp. could change its sales strategy.

Based on the general growth of the IT market, the scarcity of qualified personnel could become a limiting factor on growth at CENIT AG Systemhaus. However, in view of the hitherto very successful build up in staff and the low turnover rate, from today's standpoint this is not to be expected.

As required by the KonTraG (law to control and ensure transparency in the business of listed companies) the management board has introduced a strategic risk management system and early warning system. This ensures a transparent system of corporate control and early risk recognition.

BEGIN OF A NEW BUSINESS YEAR

On January 25th we began buying back our own shares. This resolution, passed at the annual shareholders' meeting, is to serve CENIT AG Systemhaus in using its shares as a financing instrument for conducting corporate acquisitions and for stabilising its share price.
CENIT AG Systemhaus co-operates in the area of immersive solutions with Silicon Graphics (SGI), one of the leading suppliers of high-performance computing systems and graphics-oriented solutions.

MANAGEMENT REPORT ON CENIT AG SYSTEMHAUS AND THE GROUP FOR 1999

The objective of this co-operation is to bundle existing know-how of both companies and to conduct operations using joint resources.

In future, CENIT AG Systemhaus will concentrate on the sale of VR solutions, SGI will take over all tasks from planning to implementation via its immersive solutions unit.

OUTLOOK

According to current forecasts made by the Institute für Wirtschaftsforschung (ifo), the economic revival in Germany is to continue. After posting economic growth of 1.4 per cent in 1999, an increase of between 2.5 and 3 per cent is expected for the year 2000. The conditions for a continuation in the upswing in Europe and the global economy are favourable as well. However, this especially depends on the interest-rate development in the USA as well as the structural conditions in the emerging economies of Asia. According to the ifo, the economic upturn in western Europe and within the EMU will gain momentum. The driving engine of this growth continues to be the export industry, but is increasingly coming from domestic demand as well.

Especially positive growth rates are being forecast for the IT market. According to calculations made by the Federal Association of Information, Telecommunications and New Media (BITKOM), the market volume will increase in the year 2000 by nearly 10 per cent to EUR 56.75 billion. The European Information Technology Observatory (EITO) expects an increase of ten per cent for the European IT market to a total of EUR 235 billion.

CENIT AG Systemhaus will profit from the favourable underlying economic conditions and will intensify the group's growth in the year 2000. Setting the pace for growth will be the focus on Internet technologies as well as consistently implementing our internationalisation strategy.

In 2000, we expect an increase in sales of around 40 per cent to EUR 112.5 million. Sales in the segment of CAD/CAM Solutions are expected to increase by 30 per cent to EUR 52.7 million, in the e-business segment 45 per cent to EUR 26.6 million and in the segment IT-Services an increase of 61 per cent to EUR 33.2 million is expected.

Extensive investments in Internet technologies will have an impact on operating earnings, especially in the e-business segment. Here, the operating result will probably drop from EUR 0,84 million to

MANAGEMENT REPORT ON CENIT AG SYSTEMHAUS AND THE GROUP FOR 1999

EUR 0.5 million, while in the segment CAD/CAM Solutions, growth of 69 per cent to EUR 6.1 million has been targeted and in the segment of IT-Services an increase of 46 per cent to EUR 1.8 million is expected. Overall, we expect to achieve EBIT of EUR 8.4 million in 2000. This represents an increase of 47 per cent over 1999.

We expect our business development to receive impetus from our new branch office in Berlin which took up business activities in January. At the same time we have extended the range of services at CENIT AG Systemhaus there by adding the division Consulting. The new subsidiary in Switzerland is scheduled to make its first positive contributions to overall earnings starting in the year 2001.

By December 31st, 2000, the number of employees at the CENIT group is scheduled to increase to around 600. In the medium term, we are striving to achieve an annual average growth rate of around 40 per cent.

Stuttgart, February 18th, 2000

CENIT AG Systemhaus

THE MANAGEMENT BOARD

Falk Engelmannn

Norbert Fink

Hubertus Manthey

Rüdiger Passehl

Andreas Schmidt

CORPORATE BODIES

BOARD OF MANAGEMENT

> ***Dipl. Ing. Falk Engelmann***
Leinfelden-Echterdingen
Financing

> ***Dipl. Ing. (FH) Norbert Fink***
Metzingen
Personnel

> ***Dipl. Ing. Hubertus Manthey***
Walddorfhäslach
Service

> ***Dipl. Ing. Rüdiger Passehl***
Ehningen
(until December 31st, 1999)

> ***Dipl. Ing. Andreas Schmidt***
Ebersbach
Sales

SUPERVISORY BOARD

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Stuttgart
Attorney
Chairman

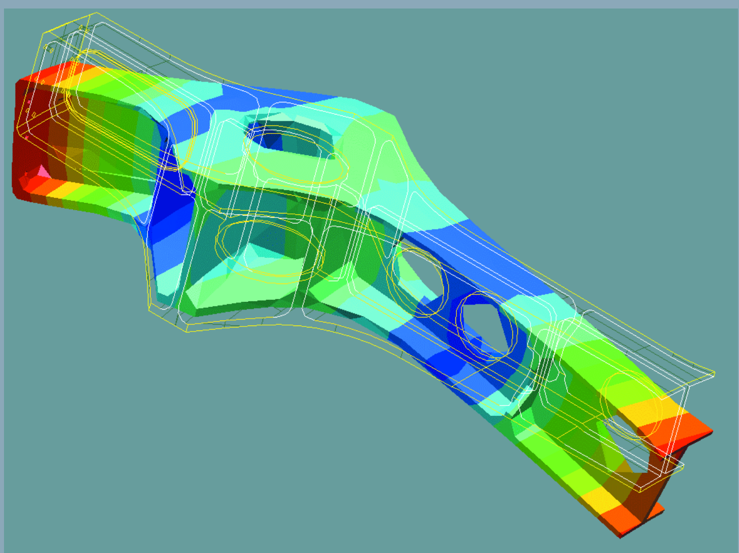
Deputy chairman
of the supervisory board
icon brand audit AG,
Nuremberg

Deputy chairman
of the supervisory board
Netgames AG, Pliezhausen

Deputy chairman
of the supervisory board
Funk-Oase Communications AG,
Ellhofen/Weinsberg

> ***Hubert Leypoldt***
Dettingen/Erms
Chartered accountant,
tax consultant
Deputy chairman

> ***Dr. Dirk Lippold***
Friolzheim
Managing director



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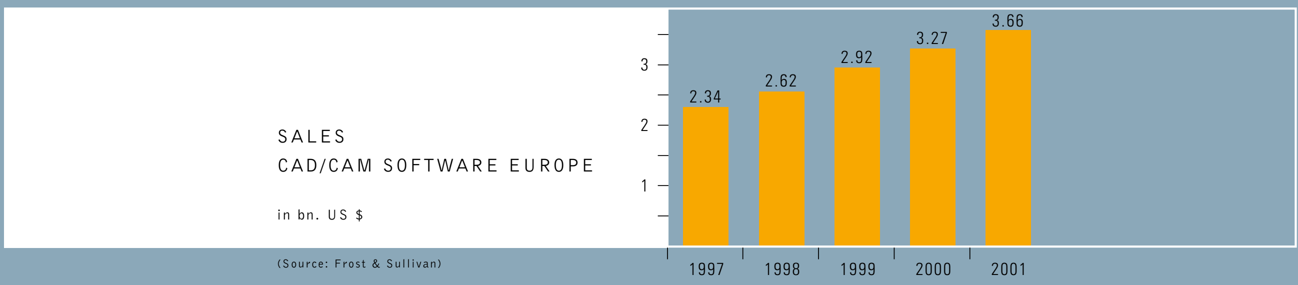
INTRODUCING **CAD / CAM-SOLUTIONS**

Professional tools have always made day-to-day work easier. Wherever they have contributed to saving time and improving results they have become indispensable aids. This is also true of CAD/CAM systems which today have become indispensable in design and development. In order to apply them properly and profitably, one has to know how to use them. CENIT AG Systemhaus supports its customers in all questions relating to computer-aided product development – from design to production. In matters such as digital factory planning, Virtual Reality and product data management we know which tool will take one to one's goal fastest.

CAD / CAM SOLUTIONS



THE IDEAL OF A DIGITAL ENTERPRISE

Anyone who wants to stay a nose ahead of the competition on the market these days has to do more than identify trends in good time. What is wanted most is flexibility if good ideas are to be implemented speedily. For industrial enterprises, this means getting new, better and less expensive products ready for series production in as short a time as possible. While many work processes can be persistently improved through the use of modern technologies - from CAD system to the Internet - the important thing is to keep the entire process chain in mind. The aim here is both to generate and optimise all product data in the computer and to image and simulate the entire production process in the computer. This includes the management of all the data occurring in the process of creating a product. In this way, all the relevant information and data - from the initial idea to the usable product - can be interchanged between departments, corporate divisions and external partners, and used. It is only when all the relevant processes are effectively meshed and meaningfully linked with one another that the ideal of a digital enterprise will become reality.

FORMULA 1 WITH TOP SPEED

How existing processes can be effectively integrated with one another is shown by the Formula 1 racing stable RED BULL SAUBER PETRONAS: The Swiss team uses the 3D CAD-system CATIA in design and development. To manage the data, components and inventories, they use SAP R/3. CENIT's job was to integrate the two systems. To link the two systems, CENIT developed a special software with SAP's PDM Integration for CATIA (SAP/PDM-IFC) and implemented it in a record time of only eight weeks. The programme creates a direct link between the CATIA models and the appertaining R/3 data. It serves the complete range of requirements from simple document administration up to the R/3-integrated administration of digital prototypes with CATIA as the basis.

This made it possible for the designers to do more than develop vehicle components virtually and put them together to create digital prototypes. They also linked engineering services, logistics and administrative procedures to form a unified process. This means that RED BULL SAUBER PETRONAS can take advantage of potential for optimisation and save valuable time when preparing for the next season.

CAD / CAM SOLUTIONS

UNLIMITED DATA FLOW

Wherever data have to be exported across system boundaries between different software environments which are not linked together, some information may be lost. This applies to internal processes within a company, but it also applies to a particular extent to data exchange between business partners. For example, within one supplier's chain, enterprises often use different software solutions which do not speak the same language and accordingly require interfaces. There are special software products which help to eliminate this problem of understanding and guarantee an error-free exchange of information. In addition to its own products, since 1999, CENIT, as IBM's sole CATIA partner in Germany, has been selling the software solutions of the International TechneGroup Inc. (ITI), Cincinnati. The products of this, the world's biggest independent provider of integration solutions for product data permit an error-free exchange of CATIA data, and thus contribute to the realisation of seamless process chains.

CAD ON THE WEB

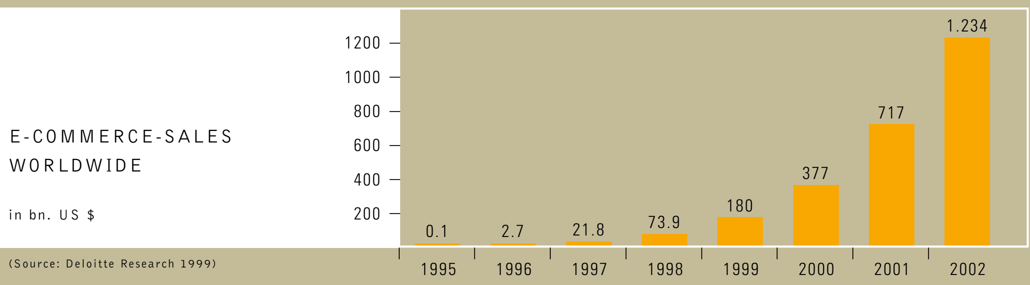
Undisturbed communication within a company is becoming increasingly important today. And in the age of globalisation, information interchange with customers and business partners acquires an entirely new dimension. Internet technologies offer enormous possibilities which can be used effectively in computer-aided design and development. One example of this are CATWeb products from Dassault Systèmes. Via Intranet and Internet, these software solutions facilitate access to CAD models which were drawn up with CATIA. Users need no CAD know-how for this, simply an ordinary Internet browser in their computer. This means that everyone who is involved in the decision-making process - including suppliers and subcontractors - can benefit from the advantages of data access - worldwide. Distances no longer matter.

24_H_CUSTOMER_SERVICE GO

INTRODUCING **E-BUSINESS**

Still a controversial issue in pubs, in the press and in politics, it's a reality on the Internet: shopping around the clock thanks to e-commerce. Even though shopping by mouse-click is still at its teething stage, it is nevertheless enjoying enormous popularity. But before the goods can start being handed over the virtual counter, important changes have to be made in the company. Information must be grouped, channelled and its availability ensured, because an efficient system can only be created after entrepreneurial processes have been optimised and existing solutions like groupware and workflow and document management have been meaningfully linked to one another. An e-business solution from CENIT.

E-BUSINESS



(Source: Deloitte Research 1999)

THE INTERNET IS GAINING GROUND

On this point it is not only the experts who agree: the Internet will change our life considerably. The meteoric rise in the number of users alone gives some idea of how sharply the importance of the World Wide Web as the medium of the future is rising. In 1999 - according to the European Information Technology Observatory (EITO) - just 9.4 million Germans were online. In 2002 the figure is expected to be just under 20 million. Worldwide, according to EITO forecasts, there will be over 328 million people using the Internet by 2002 - with the uptrend continuing.

THE MARKET OF THE FUTURE: E-COMMERCE

One of the predominant issues of the future will doubtlessly be e-commerce - in other words, trade in products and services via the Internet. This opens up new possibilities for consumers by allowing them to go on a shopping spree per mouse click around the clock anywhere in the world. This convenient and stress-free form of shopping is becoming more and more popular. The advantage for the firms is obvious too: where formerly a whole nation-wide marketing network with local branches or shops was needed, today, it may be enough to have a range of goods on the Internet which can be reached from anywhere, or it may at least provide strong support for conventional structures. In the business-to-business sector, e-commerce plays a far more important role than in trade with the end consumer. There, the Internet as an important information and communication tool between business partners, employees and customers has already become indispensable.

CO-OPERATION WITH INTERSHOP

Our co-operation with Intershop - the world market leader for electronic commerce software in the enterprise market - takes into account the very steep rise in the status of electronic commerce. The Intershop product family permit the realisation of tailor-made sales platforms on the Internet - from the small niche provider right up to an entire virtual shopping centre. A number of different functions permit shopping to be made as pleasant as possible for the customer. The spectrum ranges from tools for personalising the design of the online presentation, through various search functions right up to the automatic drawing up of personalised special offers for registered visitors. Interactive multimedia components such as music and animation turn shopping into the desired experience.

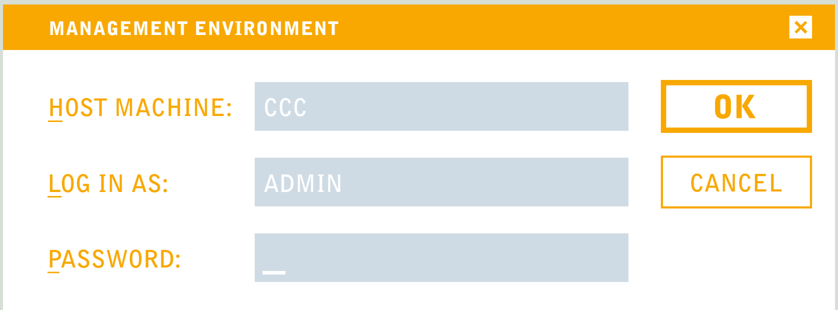
PROCESSES BEHIND THE WEB

However, the sales platform on the Internet is only the tip of the iceberg. The success of an e-commerce solution needs the entire enterprise to be consistently primed to achieve it. Existing business processes must be optimised and adapted to the new requirements. This requires information to be provided rapidly. This is by no means something one can take for granted. After all, over 90 per cent of business transactions are still recorded on paper. And staff still spend appreciably more than 25 per cent of their working time looking for documents and information. To speed up these processes, CENIT relies on the integration of document management with FileNET Panagon. It can be used to archive, manage and distribute documents of all kinds. Processes in an enterprise become more efficient, reaction times shorter and customers more satisfied as a result. CENIT offers numerous additional functionalities to Panagon with its post box solution by the Irish Phoenix Technology Group. This software makes it possible, for example, to control task distribution within a team. Bottlenecks can also be detected or user training sessions can be carried out with this solution. Furthermore, it is possible to create information regarding work delays and productivity as well as trend analyses at the push of a button. The possibility of integrating call centres, as well as an Internet-based version of this post box solution round out the services spectrum.

What is more, with Lotus Notes, the advantages of Internet technology as an information and communication medium can be exploited. The use of this groupware solution provides the basis for successful interactive relations between staff, business partners and customers via Intranet, Extranet and Internet.

FIT FOR THE MARKETS OF TOMORROW

With its extensive integration know-how in document management, groupware and e-commerce CENIT AG Systemhaus makes its customers' business fit for the Web, combining the span of the Internet with the possibilities offered by modern information technology. This is the way to create effective e-business solutions for the markets of tomorrow.


MANAGEMENT ENVIRONMENT
HOST MACHINE:
CCC
OK
LOG IN AS:
ADMIN
CANCEL
PASSWORD:

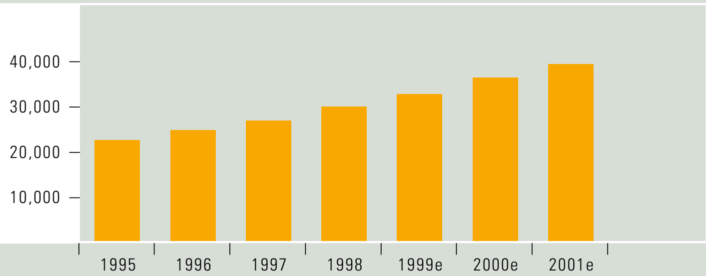
INTRODUCING **IT SERVICES**

EDP officers in enterprises know it all too well: to keep complex systems running one needs more than the necessary technical know-how. An intensive monitoring of systems sometimes means having to cover considerable distances on foot once in a while. This applies to both routine tasks and unpredicted events as well. Regardless of which occurs, time is always the factor that suffers the most. Modern systems management solutions such as Tivoli help to remedy the situation. However, much of this loss can also be caught up on using the extensive range of services at CENIT. Whether it is consulting, training, on-site support, competent telephone support or remote maintenance – all the way to taking over specific operating tasks – our goal is to enable our customers to concentrate on their actual core businesses. This leaves them always one step ahead of the competition.

IT SERVICES

MARKET FOR IT SERVICES IN GERMANY

in bn. DM



(Source: IDC Studie 07/98)

SERVICE WITH KNOW-HOW

Whether in the technical, operating or organisational area of an enterprise, there are virtually no processes left which are performed without the aid of computers. And with increasing performance capabilities, the complexity of hardware and software solutions increases as well. In order to fully utilise their possibilities and advantages and to link them, for example, with the advantages of modern Internet technologies, they must be professionally integrated into the existing environment and operated failure free. In order to achieve this, an extensive level of know-how is required. With its many years of experience and wide range of services, CENIT AG Systemhaus provides this competence. The company's main focus, inter alia, includes the subjects of systems and service management based on the Tivoli Enterprise Solution. That means that we see to it that the IT-based business processes critical to success in the company are monitored and kept in operating condition and that the respective users are provided with optimal support. In this manner, we provide our customers with the free space they need in order to concentrate on their core businesses.

CERTIFIED SAP PARTNER

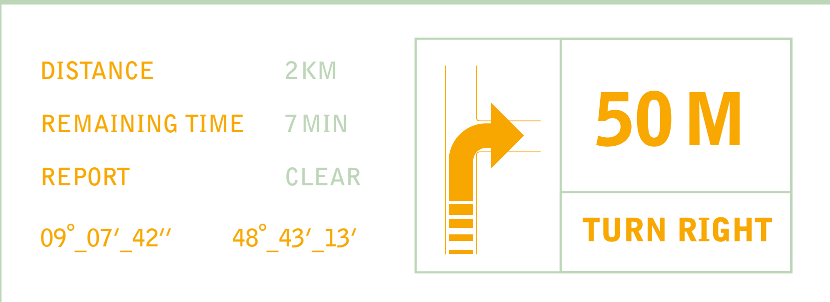
Since the spring of 1999, CENIT AG Systemhaus has held the status of "certified SAP Partner for the Mittelstand (SPM)". This ties us in to SAP's worldwide sales and service network. As a result, our customers can also rely on our competence when planning, introducing and monitoring their SAP R/3 projects. Depending on individual requirements, we offer service packages tailor-made to each customer. The range of services offered extends from consulting to implementation all the way to support or out-tasking, i.e. if the customer so desires, we take over the operations of certain EDP subdivisions. Our service offering is rounded out by a range of professional training seminars held at the CENIT Akademie.

STABLE SYSTEMS PAY OFF

Smooth system operations are a precondition, especially for applications which are critical to a company such as SAP R/3. Today, companies can no longer afford to have parts of their IT systems standstill for a few hours or even days. Whereas scheduled down times for software maintenance, hardware renewal or data reorganisation can be calculated, unforeseen down times due to software errors or hardware defects can result in substantial costs. According to statistics, computer failure in a flight reservation centre can cost the company over DM 165,000 per hour. Furthermore, along with the effects the company faces internally such as a standstill in production and loss of working time, this also has a negative effect on co-operations with business partners. Therefore, CENIT AG Systemhaus works together with its customers to develop tailor-made concepts for "high availability solutions". Based on an analysis of the existing IT-landscape, we develop individual catalogues of measures to be taken. Through the specific use of special hardware and software solutions, we permit the secure operation of the respective systems – around the clock, 365 days a year. And especially in the field of e-business, this is of major significance.

LIFE INSURANCE FOR DATA

However, it is not only the continuous availability of the systems that stands at the forefront when operating IT systems. Data security plays at least just as important a role. Nowadays, on the way to paperless business processes, information is available in virtually only electronic form. And the amount of data is growing at an explosive rate. These data, as one of a company's most important resources, must be effectively protected from loss. CENIT realises data security concepts by using Tivoli Storage Manager, (TSM). This solution offers a number of advantages: For example, only data that have been changed since the last security run will be updated and secured. In addition, one can set how many versions of a file are to be kept. As a result, older data are automatically deleted thus minimising the amount of storage space needed. Furthermore, the intelligent system manages the security settings automatically. TSM can be individually adapted to the respective requirements of a company. Initial solutions can be continuously enhanced. This means that data security is guaranteed even after expanding on the IT infrastructure.


DISTANCE
2 KM
REMAINING TIME
7 MIN
REPORT
CLEAR
09°_07′_42″
48°_43′_13′
50 M
TURN RIGHT

EMPLOYEES

NUMBER OF NEW EMPLOYEES HIRED EXCEEDED TARGET FIGURES

The search for qualified staff is still a major challenge for growth-oriented companies in the entire IT sector. Especially in this industry, the supply of qualified experts on the job market is still very tight. Nonetheless CENIT AG Systemhaus has succeeded – just as it has in previous years – in not only hiring its targeted number of new staff members, it has even surpassed it. With 125 new employees, we were able to increase the number of those employed in the group from 315 in 1998 to 440 as at December 31st, 1999. We succeeded in achieving this by placing classified offers of employment in daily newspapers and specialist magazines, accessing major job fairs on the Internet, consulting with personnel consultants, as well as building up and maintaining intensive contact to institutions of higher education. In addition, personnel procurement at specialist trade fairs is playing an ever-greater role. The same applies to the recruitment of new employees based on recommendations and / or referrals from current employees.

ALL LOCATIONS STRENGTHENED

The growth in personnel is not limited to our head office in Stuttgart. We were also able to acquire new staff as planned in our branches in Frankfurt, Düsseldorf, Hanover, Munich and Saarbrucken. Moreover, CENIT AG succeeded in expanding on its regional presence: in February 2000, a new team started work in our new Berlin branch. Our subsidiary in Switzerland also began its operative business at the beginning of the year.

MOTIVATION VIA PARTICIPATION

Apart from recruiting new employees, tying employees to the company as well as motivating them are great additional challenges the company faces. A great deal of individual responsibility, trust and freedom are just several factors that are reflected in the low turnover rate at CENIT. Via our employee participation programme, we have also created the basis for ensuring that CENIT employees directly benefit from the success of the company: every employee who had worked at least one year as per the cut-off date was entitled to acquire a certain number of convertible bonds. Within the overall maturity of five years, a certain percentage of these can be converted into shares during specified periods. In this manner, CENIT employees become entrepreneurs within an enterprise.

WKN 540_710 CENIT AG SYSTEMHAUS EURO

THE SHARE

EUROPEAN STANDARDS IMPLEMENTED

As an internationally oriented enterprise, we have taken important steps to meet European standards on the capital market. First of all, the share capital of CENIT AG Systemhaus was increased from DM 5 million to EUR 4 million (DM 7,823,320) using company resources. At the same time, the existing ordinary bearer shares were converted into no-par value shares. Effective August 30th, a 1:4 share split was conducted. As a result, the share capital is now divided into 4 million no-par shares with a book value of EUR 1.

Following resolutions passed during the first ordinary shareholders' meeting on July 14th, 1999, the basis was created for further capital measures. Making authorised capital available enabled the board of management, with the consent of the supervisory board, to raise the company's capital by issuing new shares. This gives us the necessary flexibility to quickly take advantage of opportunities that may arise to acquire companies or to invest in companies without a problem. Furthermore, the board of management was authorised to buy back the company's shares.

SHARE PRICE DEVELOPMENT WITH POTENTIAL

Triggered by recommendations to buy the share and its inclusion into a well-known sample fund, the share price jumped sharply right at the beginning of the year and reached its all-time high of EUR 66 in February. In the following weeks and months, the CENIT share developed for the most part in step with the Neuer Markt index. Whereas the overall picture on the Neuer Markt from October was characterised by sharp increases in share prices, the price of the CENIT share displayed a sideways movement until the end of the year. Overall, the CENIT share was able to post an increase of nearly 10 per cent in 1999.

SHARES HELD BY THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

At balance sheet date, the board of management held a total of 1,924,402 shares, or 48.1 per cent of the company's shares. This represents a reduction of 21,400 shares over the previous year, or 0.5 per cent of the shares. The members of the supervisory board hold a total of 2000 shares and have not changed the number of shares held in the company.

DR_DIRK_LIPPOLD HUBERT_LEYPOLDT DR_AXEL_SIGLE

SUPERVISORY BOARD_CENIT

REPORT OF THE **SUPERVISORY BOARD**

During the business year 1999, the supervisory board performed the duties assigned to it by law and by CENIT AG Systemhaus' memorandum of association, and supervised the business management of the company. It was kept informed of the development of the company's business and all other important matters at the five meetings of the supervisory board held in the course of the year and through regular written and oral reports. The chairman of the supervisory board also discussed the most important business transactions and matters of basic policy with the board of management. No committees were established by the supervisory board in 1999. Discussions concentrated on the strengthening and expansion of the company's market position as well as the related acquisition strategy.

The present financial statements and the annual report for the year 1999 were audited by the auditing company Dr. Ebner, Dr. Stolz & Partner GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart who had been appointed auditors by resolution of the shareholders' meeting on July 14^{th}, 1999. The audit showed that the accounts and the financial statements comply with statutory regulations, and that the financial statements give a true and fair view of the assets, liabilities, financial position and profits of the company. The management's report is consistent with the annual financial statements and presents an accurate picture of the course of business and the position of the company. The auditors have given their unqualified opinion.

The consolidated financial statements for 1999 and the management report for the group were also audited by Ebner, Stolz & Partner. The consolidated financial statements including the statement of cash flow and the appropriation of profits account accordingly make a reasonable presentation of all material aspects of the company's assets and financial position as at December 31^{st}, 1999, its earnings position and the payment flows of the past fiscal year. They are in compliance with the accounting standards of the International Accounting Standards Committee (IASC). The management's report on the group is consistent with the consolidated financial statements and makes an accurate presentation of the development of the group.

The supervisory board has examined the annual financial statements, the management's report, the proposal for the distribution of profits, the consolidated financial statements and the annual report for the group, and discussed it at the board's meeting on March 3^{rd}, 2000. The auditors responsible for the audit attended this meeting when the relevant items on the agenda were discussed. They reported on material results of their audit and answered questions. The supervisory board expressed its concurrence with the result of the audit. After completing our own audit of the annual financial statements and the annual report, we raise no objections. The supervisory board approves the financial statements drawn up by the board of management which are thereby ratified.

The supervisory board concurs with the board of management's proposal regarding the appropriation of profits for 1999. The supervisory board also concurs with the consolidated financial statements and the annual report for the group.

As per December 31^{st}, 1999, Mr. Rüdiger Passehl has left the board of management. The supervisory board thanks Mr. Passehl for the accomplishments which he achieved while setting up the company as founding partner, managing director and CEO of the company.

We thank the board of management and all the company's employees for their great commitment in 1999. The company's repeat performance of strong growth could not have been achieved without this commitment.

Stuttgart, March 3^{rd}, 2000

For the Supervisory Board

Chairman – Dr. Axel Sigle –

GLOSSARY

CAD
Computer Aided Design means design and development work performed with the help of computers. The use of CAD programs permits technical drawings and three-dimensional models to be made with maximum precision. Such drawings / models, therefore, are no longer made at the drawing board and can be changed later without difficulty in the computer.

CAE
CAE stands for Computer Aided Engineering. It is the generic term for computer-aided development and production of designs which are simulated with the aid of a computer from the initial idea to production.

CATIA SOLUTIONS
The worldwide leading solution for computer aided design an development.

CAM
Abbreviation for Computer Aided Manufacturing. It includes the use of computers for controlling machines. Besides a very powerful computer and highly specialised software, a number of special interfaces are needed to run the machines.

CAP
Abbreviation for Computer Aided Planning. This refers to the use of computers to prepare and simulate manufacturing processes. Along with a high-performance computer and highly specialised software, special interfaces are also necessary with which the geometry of operating resources and equipment can be passed on to the simulation software.

CLIENT/SERVER PRINCIPLE
With the client / server principle, certain computers - the servers - make available a number of different services which can be used by other computers - the clients. For this, the computers must be networked. The data of the system are centrally stored in the servers and can thus be better managed and monitored. With this procedure, a system can also be expanded and reduced very flexibly.

DATA SECURITY
Data security is the storage of data on media to keep them safe, and the procedures commonly used for this.

DOCUMENT MANAGEMENT SYSTEM (DMS)
A DMS manages and stores electronic documents . It protects documents against unauthorised access, administers various versions of a document and supports the user in the search for particular documents with certain contents.

DIGITAL MOCK-UP (DMU)
DMU stands for the construction of complex products to create digital prototypes.

E-BUSINESS
All business procedures which are handled via the Intranet / Extranet / Internet.

EXTRANET
The networking of several decentralised users within a closed group of users with the help of Internet technology.

GROUPWARE
An artificial word combining "group" and "software". A general term for all programs which permit and facilitate the co-operation and coordination of working groups in a network.

INTERNET
Abbreviation for International Network. The Internet is a worldwide computer network consisting of a number of smaller networks.

INTRANET
Intranets are private networks using the technology and the concept of the Internet.

IT
Information technology

KNOWLEDGE MANAGEMENT
Knowledge management means the structuring and organisation of knowledge in an enterprise so that it is available to the staff in processed form to facilitate customer relations.

NC
Abbreviation for "Numeric Control". NC is based on the conversion of all data relevant to production (equipment, tools raw materials, energy distribution, etc.) into alphanumeric codes.

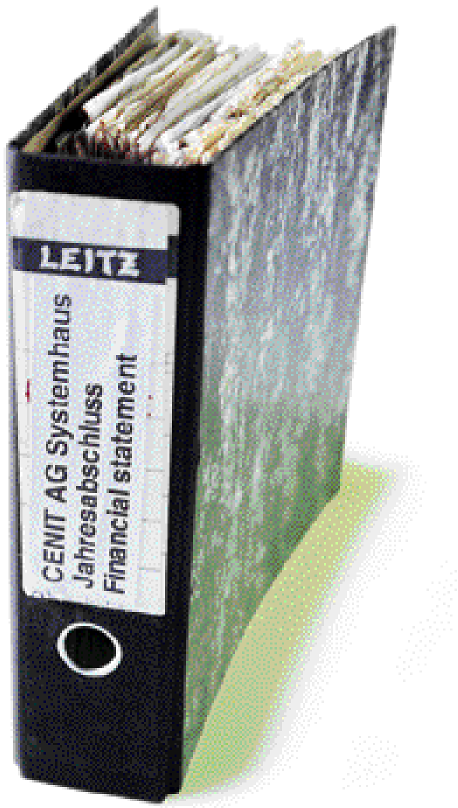
PDM
Product Data Management is the task of managing documents of all types created in the course of a work process in such a manner that each changed condition of the document during the work process is recorded. The work process itself is also controlled. PDM systems also offer varied interfaces, e.g. to CAD systems and production control and planning systems (PPS). PDM is often used as a synonym for Engineering Data Management (EDM).

PLM
Product Lifecycle Management is the task of managing all product information of all types that is gathered during the development process in such a way, that each change in the object is managed and controlled during the entire life cycle. Furthermore, PLM systems offer diverse interfaces, for example to CAD systems. PLM systems are in some cases an enhancement of production procedure and planning systems (PPS). PLM is often used as a synonym for PDM.

SYSTEMS MANAGEMENT
Systems Management comprises activities in the management of complex IT infra-structures: stocktaking, identifying possible problems in advance and developing the EDP landscape reliably and consistently. Moreover, the current operation of all systems used in an enterprise can be standardised to a certain degree.

WORKFLOW
Workflow corresponds more or less to "operation processing" or "business process control". In EDP, workflow describes a software category which controls information on business processes deterministically, and directs them throughout the organisation via various workplaces.

WORLD WIDE WEB (WWW)
The WWW is the best-known information system on the Internet. With the help of a Web Browser, images and texts from computers networked worldwide can be shown on the display.



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CONSOLIDATED FINANCIAL STATEMENTS
ACCORDING TO IAS

FINANCIAL STATEMENTS FOR CENIT AG SYSTEMHAUS
ACCORDING TO HGB (GERMAN COMMERCIAL CODE)

ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

for the period from January 1st to December 31st, 1999

EUR	See notes	1999	1998 *)
ASSETS			
Fixed assets			
Intangible assets	E 1	189,768.44	129,323.44
Property, plant and equipment	E 2	3,223,289.40	2,155,245.85
Deferred tax assets	E 3	908,276.17	677,374.15
		4,321,334.01	**2,961,943.44**
Current assets	E 4		
Inventories	E 5	1,573,896.37	3,503,540.56
Trade accounts receivable	E 6	20,134,080.98	18,039,307.81
Other accounts receivable		253,554.97	1,396,074.86
Securities	E 7	0.00	408,777.86
Liquid assets		15,517,375.96	10,102,343.46
		37,478,908.28	**33,450,044.55**
Prepaid expenses	E 8	**191,486.82**	**78,007.27**
		41,991,729.11	**36,489,995.26**

*) Restated. see note C.1.

EUR	See notes	1999	1998 *)
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholders' equity			
Subscribed capital	E9	4,000,000.00	2,556,459.41
Additional paid-in capital	E9	16,962,967.13	18,406,507.72
Currency reserves	E9	7,567.55	5,015.26
Retained earnings	E9	869,196.20	0.00
Consolidated profit	E9	3,949,460.12	2,122,558.51
Convertible bonds	E10	14,975.82	0.00
		25,804,166.82	**23,090,540.90**
Special item with equity portion	E11	**2,326.89**	**6,981.18**
Accruals	E12	**3,503,334.94**	**2,964,205.37**
Deferred tax liabilities	E13	**105,088.89**	**96,013.86**
Liabilities			
Convertible bonds	E10	93,724.18	0.00
Liabilities due to banks	E14	6,447,557.24	5,545,768.44
Trade accounts payable	E15	3,382,689.69	3,223,578.75
Other liabilities	E16	2,652,840.46	1,562,906.76
		12,576,811.57	**10,332,253.95**
		41,991,729.11	**36,489,995.26**

*) Restated. see note C.1.

CONSOLIDATED STATEMENT OF INCOME

for the period from January 1st to December 31st, 1999

EUR		See notes	1999	1998
1.	**Sales revenue**	D1	**79,494,295.16**	**61,588,018.05**
2.	Changes in inventories		-213,481.02	43,459.81
3.	Gross earnings		79,280,814.14	61,631,477.86
4.	Other operating income	D2	291,382.27	418,313.22
	Operating performance		**79,572,196.41**	**62,049,791.08**
5.	Cost of materials	D3		
	a) Expenses for merchandise		36,926,896.04	31,437,716.54
	b) Expenses for outsourced services		2,144,097.04	339,836.44
			39,070,993.08	**31,777,552.98**
6.	Personnel expenses	D4		
	a) Wages and salaries		19,992,040.09	14,065,461.90
	b) Social security contributions, and pension payments		3,171,038.67	2,269,944.95
			23,163,078.76	**16,335,406.85**
7.	Depreciation on intangible and tangible fixed assets	D5	1,798,732.86	1,302,812.42
8.	Other operating expenses	D6	9,832,455.39	7,613,548.78
	Operating earnings		5,706,936.32	5,020,470.05
9.	Interest and similar income	D7	272,249.45	341,325.60
	Depreciation on securities treated as current assets		0.00	102,514.02
10.	Interest and similar expenses	D8	91,413.97	167,697.46
11.	**Earnings from similar expenses**		**5,887,771.80**	**5,091,584.17**
	Extraordinary expenses	D9	0.00	1,907,854.39
12.	Taxes on income and earnings	D10	2,885,142.71	1,724,041.46
13.	Deferred taxes	D10	-222,248.12	- 188,413.31
14.	Other taxes	D11	17,487.72	26,671.31
15.	**Net Income**		**3,207,389.49**	**1,621,430.33**

Earnings per share (basic) EUR	D12	0.80	0.41
Earnings per share (diluted) EUR	D12	0.80	0.41

CONSOLIDATED STATEMENT OF CASH FLOW

for the period from January 1st to December 31st, 1999

EUR 000	1999	1998
Cash inflows and outflows from current business activities		
Earnings before tax	5,870	3,157
Adjustments for:		
Depreciation on intangible and tangible assets	1,799	1,302
Losses from disposal of assets	2	-69
Change in value of fixed assets due to exchange rates	-13	0
Interest income	-272	-341
Interest expenses	91	168
Operating earnings before changes in net current assets	7,477	4,217
Increase in accounts receivable forgoods		
and services and other assets	-492	-9,121
Decrease in inventories	1,930	-3,049
Increase in accounts payable for goods		
and services and other short-term accruals and liabilities	2,448	2,006
Liquid assets from current business activities	**11,363**	**-5,947**
Interest expenses	-91	-168
Interest income	278	341
Paid income taxes	-2,678	-1,353
Net cash from current business activities	**8,872**	**-7,127**
Cash inflows and outflows from financial activities		
Acquisition of participating interests	0	0
Acquisition of fixed assets	-2,917	-2,433
Revenues from the sale of fixed assets	1	0
Interest income	0	0
Dividend income	0	0
Net cash payments for investment activities	**-2,916**	**-2,433**
Inflows and outflows from financial activities		
Paments received / made (-) on long-term bank loans	-48	-1
Payments received/made on short-term bank loans	0	10
Payments to shareholders	-511	0
Payments from capital increase	15	19,250
Net cash payments for investment activities	**-544**	**19,259**
Net increase in cash and cash equivalents	**5,412**	**9,699**
Cash and cash equivalents at the beginning of the period under review	**10,102**	**408**
Net increase in cash and cash equivalents	**5,412**	**9,699**
Change in funds due to changes in exchange rates	**3**	**-5**
Cash and cash equivalents at the end of the period under review	**15,517**	**10,102**

STATEMENT OF APPROPRIATION OF INCOME AND THE DEVELOPMENT OF SHAREHOLDERS' EQUITY

for the period from January 1st to December 31st, 1999

EUR 000	Subscribed captial	Capital reserves	Currency reserves	Retained earnings	Group profit	Convertible bonds	Total
As at January 1st, 1998	511	0	10	667	667	0	1,855
Adjustment of deferred taxes							
to IDW statement without affecting earnings (note.C.1.)					446		446
Dissolution of reserves for own shares				-77			-77
Transfers to reserves				612	-612		0
Capital increase from company resources	1,202			-1,202			0
Capital increase	844	18,406					19,250
Net income					1,621		1,621
Currency changes			-5				-5
As at December 31st, 1998	**2,557**	**18,406**	**5**	**0**	**2,122**	**0**	**23,090**
As at January 1st, 1999	2,557	18,406	5	0	2,122		23,090
Transfers to retained earnings				869	-869		0
Distributed dividends for 1998					-511		-511
Capital increase from company resources	1,443	-1,443					0
Transfers from issue of convertible bonds						15	15
Net income					3,207		3,207
Currency changes			3				3
As at December 31st, 1999	**4,000**	**16,963**	**8**	**869**	**3,949**	**15**	**25,804**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR 1999

FIG. 1

SUBSIDIARIES

NAME AND LEGAL DOMICILE	Currency	Subscribed Capital	Share held	Date of first consolidation
CENIT Ltd., Altrincham/Great Britain (CENIT UK)	GBP	30,000.00	100 %	June 16th , 1996
CENIT (Switzerland) AG. Frauenfeld/Switzerland (CENIT CH)	CHF	500,000.00	100 %	October 26th, 1999

A REPORTING ACCORDING TO IAS – PRINCIPLES OF ACCOUNTING

The consolidated financial statements of CENIT Aktiengesellschaft Systemhaus, Stuttgart (CENIT) have been drawn up and published on the basis of the International Accounting Standards.

The consolidated financial statements are based on standard accounting and evaluation principles. Application was made of the Framework principles and the International Accounting Standards (IAS) of the International Accounting Standards Committee (IASC) in the version valid at balance sheet date.

In 1998, accounting was entirely converted to IAS. Deviations due to differences in the regulations regarding approach and evaluation between local regulations and consolidated statements based on IAS were determined for the first time on January 1st, 1997, and offset in 1997 with no effect on earnings. Whenever special IAS were applied, this is mentioned in the notes to individual items.

The consolidated financial statements also fulfil the requirements set forth in section 292 of the HGB (German Commercial Code) (exempting version of consolidated financial statements). Differences between balance sheet methods, valuation methods and consolidation methods of a consolidated financial statement conducted according to section 290 of the HGB are summarised in the note G.2, if they are not directly included in the notes to the individual items.

B PRINCIPLES OF CONSOLIDATION

1 Companies included in the consolidation

The consolidated financial statements include all affiliated companies which are controlled by the CENIT group. Control is assumed to be exercised as soon as the parent company possesses more than 50 % of the voting rights of the subsidiary or if it determines the financing and corporate policy of a subsidiary, if it has a majority in the supervisory board or the management board of a subsidiary.
In the consolidated statements of CENIT AG, the subsidiaries listed in the table shown in FIG. 1 above have been included pursuant to IAS 27.

For all of the companies included, the group-wide uniform balance sheet date for the consolidated financial statements is December 31st.

2 Method of consolidation

The basis for the consolidated financial statements is provided by the annual financial statements of the companies included in the consolidation drawn up according to standard rules as at the same group-wide balance sheet date of December 31st, 1999, and have been audited and certified by independent auditors.

The capital of subsidiaries was consolidated in accordance with the book value method by netting the costs of purchase with the shareholders' equity held by the parent company at date of acquisition. No difference resulted here. Differences arising from currency conversion at balance sheet date are shown as currency reserves.

Sales, expenditures, income, all accounts receivable and liabilities between consolidated companies were eliminated.

Inventories and fixed assets contain no asset items from intra-group deliveries. There was no need to eliminate intra-group earnings.

C PRINCIPLES OF ACCOUNTING AND VALUATION

1 Changes in principles of accounting and valuation

a Changes to presentation

In order to provide a better presentation of the balance sheet, items were further divided under assets and liabilities. As opposed to the previous year, a separate listing was conducted of deferred tax assets, trade accounts payable, other liabilities and prepaid expenses. Last year, these items were summarised under liabilities. In addition, deferred tax assets are stated under current assets according to IAS 12 par. 69. Last year, this was stated under liabilities. On the liabilities side, deferred taxes listed hitherto under reserves are stated separately according to IAS 12 par. 69. Trade accounts payable and other liabilities are also stated separately. The differentiation between short-term and long-term liabilities was eliminated due to the low significance of this differentiation. Long-term liabilities are presented in the notes E.10, E.13, and E.14. The previous year was correspondingly adjusted according to IAS 1.40.

b Change in valuation

At the level of the company balance sheet, a deferred claim to a lower corporate tax rate results from retained earnings in the amount of the difference between the amount of dividend payments and retained earnings. According to the position held by the IDW concerning accounting principles: "Questions as to the application of IAS"

FIG. 2

CONVERSION RATES IN DM

	Rate at balance sheet date		Average rate for the year	
	12-31-1999	12-31-1998	12-31-1999	12-31-1998
GBP	3,1526	2,798	2,9613	2,914
CHF	1,2185	–	1,2226	–

(IDW RS HFA 2 , dated June 24th, 1999) this deferred claim to a lower rate of corporate tax is capitalised analogue to IAS 12. The differences between the previous year were established as at January 1st, 1998 and were set off against shareholders' equity and did not affect earnings (increase of EUR 446,000). Net income for 1998 was adjusted by EUR 224,000 and affected earnings. The consolidated balance sheet, as well as the consolidated statement of income, was adjusted as at December 31st, 1998.

2 Historical cost concept

The annual financial statements are based on the historical cost concept. If not indicated otherwise, assets and liabilities are stated at their nominal value minus necessary valuation adjustments.

3 Currency conversion

a Transactions

Transactions conducted in a foreign currency are evaluated at the exchange rate applying on the day of the transaction. At the end of the business year, assets and liabilities are evaluated at the exchange rate applying at balance sheet date. All currency differences arising from the conversion of current assets are credited to income. In total, the income statement shows profits from currency conversion of EUR 80,000 and losses from currency conversion of EUR 22,000.

b Conversion of financial statements

The concept of functional currency applies to the conversion of the financial statements of included companies drawn up in foreign currencies. Since consolidated companies run their business independently, they have been included as "foreign entities" in the meaning of IAS 21. Accordingly, asset items and liabilities are converted at the exchange rate applying at balance sheet date, shareholders' equity at historic exchange rates, and expenses and income at the average exchange rate for the year.

Resulting differences are offset against shareholders' equity without affecting earnings.

For the calculation of foreign currencies, the conversion rates in the table shown in FIG. 2 above were applied.

4 Income statement

The income statement is presented according to the total cost method.

5 Realisation of sales

Sales are registered as income at date of delivery to the customer and / or performance of services.

6 *Current taxes /Deferred taxes*

Taxes on income and earnings are calculated on earnings before tax, based on the applicable tax rate. Deferred taxes are stated in temporary differences between the tax balance sheet and the consolidated financial statements. In doing so, the group proceeds according to the "liability method" according to which deferred taxes, based on the valid tax rate balance sheet date, are established at the time of the foreseen time of realisation. Deferred tax credits are only shown as assets when realisation can be expected.

7 *Intangible assets*

Acquired intangible assets are shown at cost of purchase plus incidental costs of purchase. They are regularly written down in the course of their expected useful life according to the straight-line method which as a rule is three years.

When necessary, extraordinary depreciation was made, which was reversed once the grounds for it ceased to exist. Extraordinary valuation adjustments (reduction or appreciation) were not necessary in the year under report.

Because they fail to satisfy the criteria required by IAS 38 par. 45, intangible assets created by the company are not shown as assets.

8 *Tangible assets*

Tangible assets are shown at cost of purchase or manufacture (IAS 16 par. 14), less regular depreciation (IAS 16 par. 41). No extraordinary depreciation pursuant to IAS 36 was needed. Financing costs are not shown as assets in accordance with IAS 23 par. 11, since no direct attribution to asset items can be made as required by IAS 23. Tangible assets are written down on a straight-line basis in accordance with their expected useful life. This useful life is four to ten years for other assets and operating and business equipment. There were no substantial residual values according to IAS 16 par. 46 to be taken into account in determining the amount of depreciation.

No additions which are required pursuant to IAS 36 par. 94 once the reasons for the depreciation cease to exist, were made in the year under review.

Maintenance costs are reported directly under expenses.

9 *Inventories*

Inventories are reported at cost of purchase or manufacture or the nominal value of down payments made for them.

Financing costs are not shown as assets since no direct attribution can be made as required by IAS 23.

A correction of inventories to show the lower realisable net sales value pursuant to IAS 2 was not necessary.

FIG. 3

PERSONNEL EXPENSES EUR 000

	1999	1998
Wages and salaries	19,992	14,065
Social security contributions and		
pension payments	3,171	2,270
	23,163	**16,335**
Average number of employees for the year	363	257

FIG. 4

OTHER OPERATING EXPENSES EUR 000

	1999	1998
Cost of sales	5,253	3,792
Administrative costs	4,517	3,668
Other	62	154
	9,832	**7,614**

10 Accounts receivable for goods and services

Accounts receivable for goods and services are shown at their nominal value. Default risks are taken into account through adequate specific provisions. No general provisions were made.

11 Securities

Securities are valued at cost of acquisition or a lower price at balance sheet date in accordance with IAS 32.

12 Provisions

Provisions are stated at their nominal value.

13 Liabilities

As a matter of principle, liabilities are stated at their redemption value. Foreign currency liabilities are converted at the exchange rate applying at balance sheet date as required by IAS 21 pars. 9 and 11.

Differences due to changes in exchange rates in the year under review amounted to 47,000 and were stated with effect on earnings.

D STATEMENT OF INCOME

1 Sales revenues

The distribution of sales revenue is shown according to corporate divisions and regions and is set forth in the segment reports in note F. The sales figures reflect ordinary business activity.

2 Other operating earnings

Other earnings are essentially profits resulting from stock price gains realised after selling shares, income from the retransfer of provisions and paid insurance claims.

3 Cost of materials

This includes the cost of merchandise and outsourced services.

4 Personnel expenses

These relate essentially to wages and salaries, voluntary social security payments, transfers to accruals for leave still to be taken, profit-sharing scheme for employees and emoluments for the board of management as well as social security contributions and old-age pension payments. FIG. 3

5 Depreciation on intangible assets and fixed assets

The make up of this depreciation results from the development of fixed assets which is presented in the notes E.1 and E.2.

6 Other operating expenses

see FIG. 4

FIG. 5

TAX ON INCOME EUR 000

	1999	1998
Current year	2,885	1,724
Deferred taxes	-222	-188
	2,663	**1,536**

7 Interest and similar income

This item relates exclusively to interest income from credit balances with banks.

8 Interest paid and similar expenses

Interest expenses result from the utilisation of credit lines and of credits by way of guarantees.

9 Extraordinary expenses

All payments made to third parties outside the company for going public are shown as extraordinary expenses.

10 Tax on income

An overview of the items included in taxes on income is shown in the table in FIG. 5.

Expenses arising for deferred taxes are shown in the table in FIG. 6.

As regards changes in deferred taxes, reference is made to the notes E. 3 and E. 13

The expected tax burden on the tax result (retention rate) as per balance sheet date was 52.53 %. These are calculated as shown in FIG. 7.

The following transitional account FIG. 8 shows the main factors that led to a tax burden that was different than expected

11 Other taxes see FIG. 9

12 Earnings per share

a Earnings per share (basic)

The number of shares as an annual average for 1999 and 1998 was assumed to be 4,000,000. This refers to the capital increase from company resources which took place on July 14^{th}, 1999. As required by IAS 33 par. 21, a share issuance without compensation is to be treated as if it had taken place before the beginning of the first business year to be reported on.

Although the conversion of the company into an AG and the subsequent capital increase did not take place until the months of March and April of 1998, it is also assumed for 1998 that the number of shares were already in existence as per January 1^{st}, 1998.

b Diluted earnings per share

On September 6^{th}, 1999 the company issued convertible bonds to employees in the amount of EUR 108,700. With the issue of the convertible bond the bearer receives the right to exchange all or part of the amount into CENIT shares. Each EUR 100 nominal amount of the convertible bonds grants the right to exchange it for 100 bearer no-par shares of CENIT.

FIG. 6

DEFFERED TAXES EUR 000

	1999	1998
Changes of adjustments to IAS		
Corporate tax credit on retained earnings	238	224
Reversal of general value adjustments	13	-38
Foreign currency at balance sheet date	-22	-5
Changes in differences national financial statement and tax sheet balance	-6	7
	222	**188**

FIG. 7

RETAINED EARNINGS in %

Trade tax at a municipal percentage of 435 %	17.86
Corporate tax (40 % of profit after trade tax)	32.86
Solidarity tax (5.5 % of the corporate tax)	1.81
Tax rate burden	**52.53**

FIG. 8

TRANSITIONAL ACCOUNT EUR 000

	1999
Expected tax expenditure of 52.53 %, applied to earnings before tax of EUR 5,870,000	3,084
Tax reduction based on scheduled dividend payments	-226
Tax effect from non-deductible expenses	30
Tax effect on eliminated group transactions	38
Tax effect from not applying deferred taxes on losses of the current year at Cenit CH	-6
Tax expenditures not related to the accounting period	7
Tax-free overseas income	-6
Effect of applying tax on dividends for deferred taxes	-241
Effects of lower tax rates abroad	-17
Tax on income 1999 as per consolidated annual financial statements	**2,663**

FIG. 9

OTHER TAXES EUR 000

	1999	1998
Tax on motor vehicles	17	12
Previous years due to internal audit	0	15
	17	**27**

FIG. 10

INTANGIBLE ASSETS EUR 000	
Costs of acquisition	
As at January 1st, 1999	516
Additions	161
As at December 31st, 1999	**676**
Accrued depreciation	
As at January 1st, 1999	387
Additions	100
As at December 31st, 1999	487
Residual book value	**190**

However, since neither the performance criteria nor the holding periods for exercising this right are fulfilled, there are no diluting effects to consider.

E BALANCE SHEET

1 Intangible assets

Franchises, industrial rights, and similar rights and assets and licences to such rights and assets are stated – see FIG. 10

2 Tangible assets see FIG. 11

3 Deferred tax assets

Deferred tax assets have developed – see FIG. 12

Deferred tax assets were reported – see FIG. 13

At the level of the company balance sheet, a deferred claim to a lower corporate tax rate results from retained earnings in the amount of the difference between the amount of dividend payments made and charges to retained earnings.

According to the position held by the IDW concerning accounting principles: "Questions as to the application of IAS" (IDW RS HFA 2, dated June 24th, 1999) this deferred claim to a lower rate of corporate tax is capitalised analogue to IAS 12.

The differences between the previous year were established as at January 1st, 1998 and were set off against shareholders‘ equity and did not affect earnings. Net income for 1998 was adjusted by EUR 224,000 and affected earnings.

Furthermore, CENIT's foreign currency holdings were adjusted to the exchange rate applicable at balance sheet date. The previous year's statement referred to the adjustment of foreign currency holdings at balance sheet date at CENIT UK.

4 Inventories see FIG. 14

5 Accounts receivable

Accounts receivable in foreign currency are converted at the exchange rate applying at the date of the transaction in accordance with IAS, later valued in accordance with IAS 21 at balance sheet date. The difference is reported affecting expenses.

6 Other accounts receivable

Other accounts receivable – see FIG. 15

7 Liquid assets

The development of liquid assets which in accordance with IAS 7 make up the financial facilities is presented in the statement of cash flow.

FIG. 11

TANGIBLE ASSETS EUR 000

	Buildings on land not owned	Plant and machinery	Other plant, operating and business equipment	Total
Cost of acquisition/costs of sales				
As at January 1st, 1999	294	4,157	615	5,066
Differences from currency conversion	0	15	6	21
Additions	109	2,149	498	2,756
Disposals	0	-1	-6	-7
As at December 31st, 1999	**403**	**6,320**	**1.,113**	**7,836**
Accrued depreciation				
As at January 1st, 1999	86	2,425	399	2,910
Differences from currency conversion	0	6	2	8
Additions	72	1,176	451	1,699
Disposals	0	0	-4	-4
As at December 31st, 1999	**158**	**3,607**	**848**	**4,613**
Residual book value	**245**	**2,713**	**265**	**3,224**

FIG. 12

DEFFERED TAX ASSETS EUR 000

As at January 1st, 1999	677
Increase	238
Decrease	-7
As at January 1st, 1999	**908**

FIG. 13

DEFFERED TAX ASSETS EUR 000

	Deffered tax assets 1999	Deffered tax assets 1998
Claim to lower corporate tax rate CENIT	907	670
Valuation at balance sheet date		
Foreign currency		
CENIT	1	0
Cenit UK	0	7
	908	**677**

FIG. 14

INVENTORIES EUR 000

	12-31-1999	12-31-1998
Merchandise	886	3,460
Down payments made	671	0
Services still unbilled	17	44
	1,574	**3,504**

FIG. 15

OTHER ACCOUNTS RECEIVABLE EUR 000

	12-31-1999	12-31-1998
Debtors	172	1,340
Interest from term money	18	25
Other	64	31
	254	**1,396**

FIG. 16

ACCRUALS EUR 000

	12-31-1999	12-31-1999
Tax accruals	1,369	1,163
Other accruals	2,134	1,801
	3,503	**2,964**

8 *Prepaid expenses*

These are prepaid expenses for automobile insurance, discounts, special, leasing payments and the like.

9 *Shareholders' equity*

The "subscribed capital" of the company in the amount of EUR 4,000,000 is divided into 4,000,000 bearer no-par shares. The calculated nominal value is EUR 1 per share. Only ordinary shares were issued. All shares grant identical rights. Individual shareholders do not receive any special rights or preferences. This also applies to the right to receive dividends.

As at January 1st, 1999, the "subscribed capital" of the company was DM 5,000,000 and the number of shares in circulation was 1,000,000 bearer shares with a par value of DM 5 each.

At the shareholders' meeting of CENIT on July 14th, 1999 a resolution was passed to convert the "subscribed capital" into bearer shares with no face value (no-par shares). In place of each bearer share with a nominal value of DM 5 one bearer no-par share will be received. Furthermore, a resolution was passed to increase the "subscribed capital" by DM 2,823,320 using company resources. This results in the individual no-par share having an individual value proportionate to the "subscribed capital" of DM 7,82332. This corresponds to EUR 4. Within the course of a share split, in place of each bearer no-par share with a calculated value of EUR 4 four bearer no-par shares will be received each having an individual proportionate value of the "subscribed capital" of EUR 1.

In addition to the subscribed capital in the amount of EUR 4,000,000 there is also an authorised capital in the amount of EUR 200,000 as well as authorised capital II in the amount of EUR 600,000.

In addition, a conditional increase in the "subscribed capital" to EUR 120,000 via the issue of up to 120,000 bearer no-par shares was decided. The conditional increase in capital is to serve to grant conversion privileges to the bearers of convertible bonds which were issued in accordance with the authorisation of the shareholders' meeting on July 14th, 1999.
The capital reserves include the amount that was received above the nominal value of the CENIT shares at the time of the issue.
Currency reserves include the differences from the conversion of the annual financial statements of the subsidiary companies. This had no effect on earnings.

FIG. 17

TAX ACCRUALS EUR 000	
As at January 1st, 1999	1,163
Utilised	-1,163
Appropriation to reserves	1,369
As at December 31st, 1999	**1,369**

FIG. 18

OTHER ACCRUALS EUR 000	
As at January 1st, 1999	1,801
Utilised	-1,764
Write-backs	-35
Appropriation to reserves	2,132
As at December 31st, 1999	**2,134**

Retained earnings were formed from the 1998 balance sheet profits.

For information concerning the development of the item shareholders' equity, please see the statement of appropriation of income and development of shareholders' equity (enclosure 4).

10 Convertible bonds

The convertible bonds issued by CENIT with a total nominal value of EUR 108,700 are divided into 10,870 convertible bearer bonds with identical rights and a nominal value of EUR 10 each. From September 6th, 1999 until September 5th, 2004, the convertible bonds are to receive 2 % interest p.a. After a holding period of 2 years after the issue, a portion of them can be converted.

As per IAS 32 par. 18, the convertible bond issue was divided into its components of shareholders' equity and liability. According to IAS 32 par. 28 the component of shareholders' equity was ascertained as residual value after the book value of the liability was first determined via discounting. This was based on the market interest rate of 5.2 % for comparable instruments.

The portion of the convertible bond issue which is reported under liabilities has a residual term of more than one year.

11 Special item with equity portion

The special item for investment grants is in connection with an investment grant under the Regionales Förderprogramm Saarland (the regional development programme of Saarland). It will be dissolved in the course of the utilisation period and reflected in earnings.

12 Accruals see FIG. 16

The tax accruals refer to the current business year as well as the additional payments in the previous year as a result of the external tax audit. On its development, see FIG. 17 .

Other accruals (premiums, bonus model, leave still to be taken, royalties, social security contributions, warranties, commissions, outstanding invoices, audit of financial statements among others) include all ascertainable obligations to third parties. They are reported at their probable amount.

On the development of other accruals, see FIG. 18 .

FIG. 19

DEFFERED TAX LIABILITIES EUR 000

As at January 1st, 1999	96
Increase	22
Decrease	-13
As at December 31st, 1999	**105**

FIG. 20

DEFFERED TAX LIABILITIES EUR 000

	12-31-1999	12-31-1998
General value adjustments on accounts receivable	75	88
Valuation of liabilities at balance sheet date CENIT UK	16	0
Fixed assets CENIT UK	14	8
	105	**96**

13 *Deferred tax liabilities*

On the development of deferred tax liabilities, see FIG. 19.

The deferred taxes are long term. The differences in amounts and valuations ascertained between the results of the tax balance sheet and the commercial balance sheet, as well as adapting the commercial balance sheets to IAS for the included enterprises, resulted in deferred tax liabilities for the items and in the amounts shown in FIG. 20.

Deferred tax liabilities amounting to EUR 16,000 on the basis of evaluation at balance sheet date for liabilities in foreign currencies were calculated using the relevant tax rate for British enterprises, 20 %. Furthermore, due to differences between the commercial balance sheet and tax sheet balance as regards fixed assets, deferred tax liabilities of EUR 14,000 resulted at CENIT UK. At CENIT, deferred tax liabilities amounting to EUR 75,000 resulted due to valuation adjustments resulting from adapting to IAS regulations which were calculated at a tax rate of around 44 % (previous year around 58 %).

14 *Liabilities due to banks*

Regarding the items included in liabilities to banks, see FIG. 21.

15 *Accounts payable for goods and services*

Accounts payable for goods and services exist exclusively vis-à-vis other companies.

For accounts payable for goods and services, proprietary rights to the goods exist as is usual in the industry.

16 *Other liabilities*

Regarding the items included in other liabilities, see FIG. 22.

FIG. 21

LIABILITIES DUE TO BANKS EUR 000

	12-31-1999	12-31-1998
Residual term up to 1 year	5,825	4,827
Residual term 1 - 5 years	383	384
Residual term over 5 years	240	335
	6,448	**5,546**

FIG. 22

OTHER LIABILITIES EUR 000

	12-31-1999	12-31-1998
Tax liabilities	1,843	951
Social security liabilities	538	394
Other	272	218
	2,653	**1,563**

F SEGMENT REPORTING

At CENIT the business segments subject to disclosure are CAD/CAM Solutions, e-business and IT Services.

With its portfolio, the business segment of CAD/CAM Solutions - enhanced by Internet technologies - covers the entire process chain for creating new products - from design to construction all the way to the finished product. CAM solutions integrated into CATIA for all standard tooling methods are among such solutions. In addition, with Digital Manufacturing Solutions by Deneb, CENIT offers high-performance tools for the planning and simulation of production systems and processes.

The company's offering in the area of Product Data Management encompasses the product line by ENOVIA as well as the integration of CATIA into SAP R/3. This area is rounded out by an extensive range of services - from providing an infrastructure up to management consulting. Furthermore, this also includes consulting for Virtual Reality, Digital Mock-up and data exchange.

The business segment of e-business links the extensive possibilities of the Internet with internal company processes to universal processes. The range of services offered here include solutions for e-commerce with Intershop, imaging, workflow and document management with FileNET as well as groupware solutions on the basis of Lotus Notes/Domino. Through the integration of the various systems the strenghs of each individual product can be connected to a high-performance overall solution.

The segment of IT Services included the following aspects:

- IT-Consulting: Consulting and support with IT-strategy and planning, capacity planning, IT-conception and reorganisation.
- Outtasking: Taking over the complete operating responsibility e.g. for IT-infrastructure, data security and protection against loss of data, hotline service or remote hardware and software maintenance.
- Systems Management: Consulting, support and introduction of systems management with Tivoli.
- Concepts for data security, high availability and Internet solutions.
- CENIT Akademie: With a wide range of training courses CENIT passes on the necessary know-how to its customers, in order to efficiently use the solutions which have been implemented.

FIG. 23 & 24

SEGMENT REPORTING

EUR 000		CAD/CAM Solutions	e-business	IT Service	Not distributed	Total
SEGMENTS						
External sales	1999	40,465	18,356	20,673	0	79,494
	1998	34,264	13,759	13,565	0	61,588
Internal sales	1999	166	0	0	0	166
	1998	210	0	0	0	210
EBIT	1999	3,642	840	1,237	-12	5,707
	1998	3,582	771	667	0	5,020
Segment assets	1999	21,024	9,549	11,110	309	41,992
	1998	19,510	8,348	8,632	0	36,490
Segment liabilities	1999	8,343	3,489	4,341	15	16,188
	1998	7,355	2,793	3,251	0	13,399
Investments	1999	1,430	338	1,149	0	2,917
	1998	1,278	263	946	0	2,487
Depreciation	1999	832	263	704	0	1,799
	1998	654	168	480	0	1,302

EUR 000		Germany	Great Britain	Switzer-land	Not allocated	Total
REGIONS						
Internal plus external	1999	77,448	2,046	0	0	79,494
	1998	60,070	1,518	0	0	61,588
Segment assets	1999	40,845	713	0	434	41,992
	1998	35,600	890	0	0	36,490
Investments	1999	2,797	120	0	0	2,917
	1998	2,350	137	0	0	2,487

FIG. 25

OTHER FINANCIAL OBLIGATIONS EUR 000

	Due 2000	Due 2001 - 2004	Due 2005 and later	Total
Obligations under leasing contracts				
Leased motor vehicles	900	938	0	1,838
Other	382	650	0	1,032
Rents	1,119	2,353	0	3,473
	2,402	**3,941**	**0**	**6,343**

The breakdown of sales figures is shown as required by IAS 14 in the two overviews above.

Supply prices for sales are agreed upon among the group companies as well as between outside third-party companies. Internal sales between the company's divisions are reported separately. The areas in which the company's divisions are active and the make up of the geographical segments are presented individually.

Segments see FIG. 23

Regions see FIG. 24

G OTHER ITEMS

1 Contingent liabilities and other financial obligations

At balance sheet date there were no contingent liabilities to be reported in the balance sheet or in the notes.

Regarding the items included in other financial obligations, see FIG. 25 .

2 Other items in the meaning of article 292 a HGB

Contrary to the principle of the lower of cost as stipulated in HGB for accounts receivable and the principle of the highest value for liabilities in foreign currencies, in the present consolidated annual financial statements these have been converted at the exchange rate at balance sheet date. Corresponding differences resulting from conversion are stated in the statement of income.

General value adjustments in accordance with HGB on accounts receivable for goods and services were written back and affect earnings, since it is not permissible to have a general value adjustment along with already formed individual value adjustments.

In addition, contrary to HGB, deferred taxes were stated on corporate tax credits and incorporated affecting earnings. This resulted in extra proceeds for 1999 of EUR 238,000 (in the previous year EUR 224,000).

3 Relations to related companies and persons

There are no relations to "related parties" in the meaning of IAS 24.

4 *Supervisory board and management*

The supervisory board of the company had the following members:

Dr. jur. Axel Sigle
attorney, Stuttgart
chairman
deputy chairman of the supervisory board of Icon Brand Audit AG, Nuremberg
deputy chairman of the supervisory board of Netgames AG, Pliezhausen
deputy chairman of the supervisory board of Funk-Oase Communications AG, Ellhofen/Weinsberg

Dipl.-Kfm. Hubert Leypoldt,
deputy chairman
chartered accountant
tax consultant
Dettingen/Erms.
deputy chairman

Dr. Dirk Lippold
managing director, Friolzheim.

The board of management had the following members in the year under review:

Dipl.-Ing. Falk Engelmann
Leinfelden-Echterdingen

Dipl.-Ing. F. H. Norbert Fink
Metzingen

Dipl.-Ing. Hubertus Manthey
Walddorfhäslach

Dipl.-Ing. Rüdiger Passehl
Ehningen (until December 31st, 1999)

Dipl.-Ing. Andreas Schmidt
Ebersbach

In the year under review, the emoluments of the board of management amounted to EUR 1,110,879.68. The supervisory board received remuneration of EUR 32,211.39 for its activities.

5 *Appropriation of net income*

In agreement with the supervisory board, the board of management proposes to pay dividends of EUR 1,000,000 from CENIT'S net profit for the year of EUR 2,907,000, to appropriate EUR 1,900,000 to revenue reserves and to carry forward the remaining balance of EUR 7,000 to the next account statement.

CENIT AG Systemhaus
The Board of Management
Stuttgart, February 25th, 2000

AUDITOR'S OPINION

We have audited the consolidated financial statements of CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, Stuttgart, as at December 31st, 1999 including the consolidated statement of cash flow and the consolidated statement of appropriation of income for the past fiscal year. The board of management is responsible for drawing up these financial statements and for the content thereof. It is our task to give an opinion regarding adherence to International Accounting Standards (IAS) in the present consolidated financial statements on the basis of the audit we have performed.

We performed our audit in accordance with the German Accounting Standards on Auditing and under consideration of the principles of an orderly audit of financial statements as set forth by the Institut der Wirtschaftsprüfer (IDW). These principles require that the audit of the consolidated financial statements be planned and performed in a manner which allows an adequately reliable assessment to be made of whether the consolidated financial statements are free of substantially erroneous statements. The audit of the consolidated financial statements includes random checks of the evidence used for accounting and for the statements made in the consolidated financial statements. They also include an examination of the methods used for accounting and evaluation, and material estimates of the business management, plus an assessment of the overall picture conveyed by the consolidated financial statements. We are of the opinion that our audit provides a sufficiently reliable basis for our audit opinion. We are convinced that the present consolidated financial statements, prepared in accordance with IAS, present an adequate picture of the company's assets, financial position and earnings situation as well as the payments of the company. Our audit, which focussed on the consolidated annual financial statements prepared by the board of management for the fiscal year 1999, did not result in any objections. We are convinced that the present consolidated financial statements present an overall adequate picture of the assets and financial position of CENIT AKTIENGESELLSCHAFT SYSTEMHAUS and accurately presents the risks of future developments. We also certify that the present consolidated financial statements and the management's report for the fiscal year 1999 fulfil the requirements for the exemption of the company from preparing a consolidated annual financial statement and a management report for the group according to German law.

Stuttgart, February 25th, 2000
Dr. Ebner. Dr. Stolz und Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Wolfgang Russ	*Dieter Höreth*
Chartered Accountant	*Chartered Accountant*

BALANCE SHEET OF CENIT SYSTEMHAUS, STUTTGART

as at December 31st, 1999

		See notes	12-31-1999	12-31-1999
ASSETS				
A.	**Fixed assets**		EUR	EUR 000
I.	Intangible assets			
	Franchises, industrial and similar rights and assets,			
	licences to such rights and assets		**189,768.44**	**129**
II.	Tangible assets			
	1. Buildings on land not owned		245,247.94	208
	2. Plant and machinery		2,539,601.00	1,644
	3. Other plant, operating and business equipment		223,740.98	178
			3,008,589.92	**2,030**
III.	Financial assets			
	Shares in affiliated companies		**349,780.30**	**37**
B.	**Current assets**			
I.	Inventories			
	1. Unbilled work		17,383.92	43
	2. Merchandise		886,148.57	3,460
	3. Prepayments		670,363.88	0
			1,573,896.37	**3,503**
II.	Accounts receivable and other assets	B I 2		
	1. Accounts receivable for goods and services		19,659,607.23	17,365
	2. Accounts receivable from affiliated companies		416,329.26	726
	3. Other assets		223,656.53	1,369
			20,299,593.02	**19,460**
	Securities			
	Other securities		**0.00**	**409**
III.	Liquid assets		**15,101,848.00**	**9,894**
C.	**Prepaid expenses**	B I 3	**189,753.19**	**78**
			40,713,229.24	**35,540**

	See notes	12-31-1999	12-31-1999
LIABILITIES			
A. Shareholders' equity		EUR	EUR 000
I. Subscribed capital	B I 4	4,000,000.00	2,556
II. Capital reserves	B I 5	16,962,967.13	18,407
III. Revenue reserves	B I 6		
Other revenue reserves		869,196.20	0
IV. Retained earnings		2,907,135.42	1,401
		24,739,298.75	**22,364**
B. Special item with an equity portion			
Investment grant under the "Regionales Förderprogramm Saarland"	B I 7	**2,326.89**	**7**
C. Accruals			
1. Accruals for taxes		1,369,474.07	1,163
2. Other accruals	B I 8	2,129,669.93	1,799
		3,499,144.00	**2,962**
D. Liabilities	B I 9		
1. Loans		108,700.00	0
2. Liabilities to banks		6,447,557.24	5,546
3. Accounts payable for goods and services		3,321,302.17	3,182
4. Other liabilities		2,594,900.19	1,479
		12,472,459.60	**10,207**
		40,713,229.24	**35,540**

STATEMENT OF INCOME CENIT AG SYSTEMHAUS (ACC. TO THE GERMAN COMMERCIAL CODE)

for the period between January 1st and December 31st, 1999

	12-31-1999		12-31-1998	
	EUR	EUR	EUR 000	EUR 000
1. Sales		77,549,217.68		60,279
2. Decrease (previous year: increase) of inventories of still unbilled work		-26,075.89		43
3. Other operating income		215,737.95		412
		77,738,879.74		60,734
4. Cost of materials				
a) Expenses for raw materials, supplies and merchandise	36,687,684.71		31,201	
b) Expenses for outsourced services	2,167,770.88		340	
		38,855,455.59		31,541
5. Personnel expenses				
a) Wages and salaries	18,765,714.64		13,412	
b) Social security payments and payments				
for pensions and relief	3,352,020.35		2,270	
		22,117,734.99		15,682
6. Depreciation on intangible and tangible assets		1,755,336.43		1,269
7. Other operating expenses		9,426,607.79		7,267
		5,583,744.94		4,975
8. Other interest and similar income	291,276.83		353	
Depreciation on financial assets and on securities in current assets	0.00		103	
9. Interest and similar expenses	90,905.73	200,371.09	168	82
10. Earnings from ordinary business		**5,784,116.03**		**5,057**
Extraordinary expenses		0.00		1,908
11. Taxes on income and earnings	2,880,461.49		1,724	
12. Other taxes	17,487.72	2,897,949.21	27	1,751
13. Net income		**2,886,166.82**		**1,398**
14. Profit carried forward		20,968.60		3
15. Net profit		**2,907,135.42**		**1,401**

DEVELOPMENT OF THE ASSETS OF CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, STUTTGART

in the fiscal year 1999

	Cost of purchase / manufacture			
EUR	As at January 1st, 1999	Additions	Disposals	As at December 1st, 1999
I. Intangible assets				
Franchises, industrial and similar rights				
and assets, licences to such rights				
and assets	516,050.93	160,338.65	0.00	676,389.58
II. Tangible assets				
1. Buildings on land not owned	294,151.80	108,703.95	0.00	402,855.75
2. Plant and machinery	4,038,610.53	2,035,372.44	-894.76	6,073,088.20
3. Other plant, operating and business equipment	568,629.68	492,636.07	-5,570.27	1,055,694.88
	4,901,391.41	**2,636,712.46**	**-6,465.03**	**7,531,638.84**
III. Financial assets				
Shares in affiliated companies	36,595.21	313,185.09	0.00	349,780.30
	5,454,037.55	**3,110,236.21**	**-6,465.03**	**8,557,808.72**

Market value / Depreciation				Book value	
As at January 1st, 1999	Additions	Disposals	As at December 31st, 1999	As at December 31st, 1999	As at December 31st, 1998
386,727.49	99,893.65	0.00	486,621.14	189,768.44	129,323.44
86,216.64	71,391.17	0.00	157,607.81	245,247.94	207,935.16
2,394,848.88	1,138,765.64	-127.31	3,533,487.20	2,539,601.00	1,643,761.65
390,428.74	445,285.97	-3,760.81	831,953.90	223,740.98	178,200.34
2,871,494.26	**1,655,442.78**	**-3,888.12**	**4,523,048.91**	**3,008,589.92**	**2,029,897.15**
0.00	0.00	0.00	0.00	349,780.30	36,595.21
3,258,221.75	**1,755,336.43**	**-3,888.12**	**5,009,670.05**	**3,548,138.66**	**2,195,815.80**

A PRINCIPLES OF ACCOUNTING

Acquired intangible assets have been reported at cost of purchase and, insofar as they are exposed to wear, will be written down regularly corresponding to their useful life using the straight-line depreciation method. Depreciation on additions is made in proportion to the time since purchase.
Tangible assets are reported at the cost of purchase and cost of manufacture which corresponds to the amount required to be shown as assets for tax purposes. Insofar as they are subject to wear, they will be written down by using regular depreciation.
Depreciation is written down over the useful economic life of such assets on a straight-line basis. For additions of movable tangible assets, the rules of simplification for taxes have been applied. Capital goods of a low value have been written off completely in accordance with Article 6 par. 2 of the Income Tax Law (EstG) in the year of purchase; their immediate disposal is assumed. Financial assets are reported at cost of purchase.
Services still unbilled are reported at rough estimates of cost of manufacture.
As a matter of principle, merchandise is reported at average cost of purchase and/or valued at the lower replacement costs at balance sheet date. Individual items were written down due to long storage periods and/or limited or no possibility of being utilised.
Down payments made are reported without sales tax.
Accounts receivable and other assets are reported at their nominal value. All ascertainable individual risks were considered in the valuation. For the general credit risk, a general value adjustment for accounts receivable for goods and services of 1 % was formed.
The discount shown under prepaid expenses is written down on a straight-line basis over the fixed-interest period of the respective loan.
The item accruals takes into account all ascertainable risks and contingent obligations which have been evaluated in accordance with the principles of conservative commercial assessment.
Liabilities are reported at their redemption value.

Currency conversion

In ascertaining the costs of acquisition of affiliated companies, amounts in foreign currencies were converted at the exchange rate valid at the time of the first posting.

Accounts receivable and payable in foreign currencies are converted at the exchange rate applying on the date they were incurred; in the event that the exchange rate at balance sheet date is lower for accounts

FIG. 26

SHARE CAPITAL EUR	
As at January 1st, 1999	2,556,459.41
Capital increase from company resourses	1,443,540.59
As at December 31st, 1999	**4,000,000.00**

receivable or higher for accounts payable, the valuation will be performed at the applicable exchange rate at balance sheet date.

B NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

I Balance sheet

1 Fixed assets

The item development of fixed assets, presented separately, is an integral part of the notes.

2 Accounts receivable and other assets

An amount of EUR 120,480.82 has been stated under accounts receivable from affiliated companies with a residual term of more than one year.

The item other assets, includes accounts receivable which have not yet legally come into existence in the amount of EUR 17,787.99.

3 Prepaid expenses

This includes a discount of EUR 21,966.63 (previous year EUR 25,000).

4 Shareholders' equity

see FIG. 26

The share capital of the company is EUR 4,000,000.00. It is divided into 4,000,000 no-par value shares in the bearer's name.

In accordance with the resolution passed at the shareholders' meeting on July 14th, 1999, the share capital of the company was increased by EUR 1,443,540.50 in accordance with the provisions in the Companies Act (Aktiengesetz) regarding capital increases from company resources by transferring reserves to the share capital.

Authorised capital I

The board of management is authorised, with the consent of the supervisory board, to increase the share capital once or repeatedly until July 1st, 2004, however up to an overall total of EUR 200,000.00 by issuing new bearer no-par shares (ordinary shares) against cash contributions or assets in kind.

Authorised capital II

The board of management is authorised, with the consent of the supervisory board, to increase the share capital once or repeatedly until July 1st, 2004, however up to an overall total of EUR 600,000.00 by issuing new bearer no-par shares (ordinary shares) against cash contributions or assets in kind.

The board of management is authorised, with the consent of the supervisory board, to exclude the legal subscription right of the shareholders for the purpose of

FIG. 27

CAPITAL RESERVES EUR

As at January 1st, 1999	18,406,507.72
Drawings for capital increase from company resources	-1,443,540.59
As at December 31st, 1999	**16,962,967.13**

FIG. 28

OTHER RETAINED EARNINGS EUR

As at January 1st, 1999	0.00
Appropriation to reserves	869,196.20
As at December 31st, 1999	**869,196.20**

acquiring companies or participating interests in other companies; the acquisition of a company or a participating interest in a company may only occur if the object of the target company is essentially within the bounds of the object of the company in accordance with article 2 par. 1 of the memorandum of association.

Conditional capital

The share capital has been conditionally increased by up to EUR 120,000.00 through the issue of up to 120,000 bearer no-par shares (ordinary shares). The conditional increase serves to grant conversion privileges to the owners of convertible bonds, which were issued in accordance with the authorisation of the shareholders' meeting on July 14th, 1999.

The convertible bonds may only be offered for purchase to a circle of employees of the CENIT group, which consists of employees of CENIT Aktiengesellschaft Systemhaus (group 1), members of the management boards at group companies (group 2) as well as employees of group companies (group 3). In total, between and 95.75 % could be issued to group 1, up to 1.25 % to group 2 and up to 3 % to group 3.

The conversion privilege can at the earliest be exercised 2 years after the issue of the convertible bonds.

Furthermore, the conversion privilege can only be exercised if one of the following criteria is fulfilled:

- The average closing price of the ordinary shares on the Frankfurt stock exchange on the last 5 trading days before the beginning of the conversion period, adjusted for any interim capital measures of the company, is to be at least 135 % of the share price of CENIT Aktiengesellschaft Systemhaus on the day of the resolution of the board of management concerning the issue of the convertible bond issue.
- The performance of the CENIT share, adjusted for any interim dividend payments, subscription rights and other special privileges, between the convertible bond issue and exercising the conversion privilege is at least 15 % better than the performance of the Nemax during the same period.
- Decisive in determining the value of the CENIT share is the closing price on the day of the resolution of the board of management to issue the convertible bonds. The reference price for the convertible bond issue is EUR 46.

5 ***Capital reserves*** see FIG. 27

6 ***Retained earnings*** see FIG. 28

FIG. 29 LIABILITIES DUE TO BANKS EUR

Redidual term up to 1 year	5,824,420.26
Redidual term from 1-5 years	383,468.91
Redidual term over 5 years	239,668.07
	6,447,557.24

FIG. 30 OTHER LIABILITIES EUR and EUR 000

	12-31-1999	12-31-1998
Tax liabilities	1,814,950.07	951
Social security liabilities	538,284.34	394
Amounts due to members of the board of management	3,860.76	6
Other liabilities	237,805.02	128
	2,594,900.19	**1,479**

7 *Special item with equity portion*

The item includes an investment grant in accordance with the "regional development programme Saarland" which will be dissolved in the course of the utilisation period of the capital goods and reflected in earnings.

8 *Accruals*

Other accruals essentially include accruals for a bonus model (EUR 716,000), leave still to be taken by employees (EUR 658,000) and royalties (EUR 331,000).

9 *Liabilities*

The bond issue conducted on September 6th, 1999 (convertible bonds) has a residual term which runs until September 5th, 2004. The conversion privilege which is bound to a predetermined level of performance is to be conducted in three tranches. Up to 30 % from autumn 2001 to summer 2002, up to 60 % from autumn 2002 to summer 2003 and up to 100 % can be converted into no-par shares from autumn 2003 to summer 2004.

Liabilities due to banks are itemised in the table shown in FIG. 29 .

The liabilities are covered by a pledge of a fixed deposit in the amount of EUR 5.11 million. In addition, Bürgschaftsbank Baden-Württemberg has taken over an indemnity bond in the amount 70 % of each of the loan by Dresdner Bank AG, Frankfurt / Main, branch office Stuttgart.

All other liabilities have a residual term of up to one year.

For accounts payable for goods and services proprietary rights to the goods exist as is usual in the industry.

The items included under other liabilities are shown in the table in FIG. 30 .

FIG. 31

SALES ACCORDING TO DIVISIONS 1999

	EUR 000	%
Services and projects	11,097.00	14.3
Merchandise	39,300.00	50.7
Consulting services	14,593.00	18.8
Licences	6,837.00	8.8
Commissions	5,200.00	6.7
Travel expenses	522.00	0.7
	77,549.00	**100.0**

II. Statement of income

1 *Sales revenues*

see FIG. 31

Of total sales, 98.0% were made in Germany (EUR 76,013,000), 1.5% in other EU countries (EUR 1,188,000) and 0.5% in other countries (EUR 348,000).

2 *Earnings and expenses not relating to the period under report*

Earnings not relating to the period under report were stated under other operating earnings of EUR 185,000. This income was essentially from appreciation in value of fixed assets, write-backs from reserves and insurance reimbursements.

Expenses of EUR 7,000 not relating to the period under report are included in other operating expenses. These comprise losses on accounts receivable and losses from asset disposals. The item taxes on income and earnings includes expenses of EUR 7,000 not relating to the period under report.

3 *Other operating income*

Other operating income includes earnings from writing back the special item with equity portion of EUR 4,654.29 (previous year EUR 7,000).

4 *Pension payments*

Pension payments of 237,750.72 (previous year EUR 69,000) were reported under the item social security payments and payments for pensions and relief.

5 *Pension payments*

Pension payments of 237,750.72 (previous year EUR 69,000) were reported under the item social security payments and payments for pensions and relief.

C OTHER ITEMS

1 *Information concerning shareholdings*

The company's holdings in other companies at balance sheet date are shown in the table in FIG. 32.

2 *Personnel*

During the business year there was an average of 363 full-time employees.

3 *Other financial obligations*

Existing obligations under rental and leasing contracts are shown in the table in FIG. 33.

4 *Executive bodies*

The management board had the following members:

Dipl.-Ing. Falk Engelmann, Leinfelden-Echterdingen (Financing, Organisation, M&A activities)

FIG. 32

HOLDINGS

NAME AND DOMICILE	Currency	Share held	Shareholders' equity	Earnings
CENIT Ltd., Altrincham/Great Britain (CENIT UK)	GBP	100.00 %	30,000 GBP	5,000 GBP
CENIT (Switzerland) AG, Frauenfeld/Schweiz (CENIT CH)	CHF	100.00 %	500,000 CHF	*)

*) In the year of foundation, the accounts statement of Cenit (Switzerland) AG was prepared, but not yet audited.

FIG. 33

OBLIGATIONS EUR 000

2000	2,184.00
2001 to 2004	3,608.00
	5,792.00

FIG. 34

PROPOSED APPROPRIATION OF PROFIT EUR

Dividend payments	1,000,000.00
Transfer to other reserves	1,900,000.00
Carryforwards	7,135.42
Net profit for the year	**2,907,135.42**

Dipl.-Ing. (FH) Norbert Fink, Metzingen (Personnel, M&A Activities)

Dipl.-Ing. Hubertus Manthey, Walldorf-häslach (Service)

Dipl.-Ing. Rüdiger Passehl, Ehningen (until December 31st, 1999)

Dipl.-Ing. Andreas Schmidt, Ebersbach (Sales)

The above-mentioned areas of responsibility correspond to the restructuring in the distribution of organisational units among the members of the board of management valid from January 1st, 2000.

The supervisory board of the company had the following members:

Dr. jur. Axel Sigle, attorney, Stuttgart, chairman, deputy chairman of the supervisory board of Icon Brand Audit AG, Nuremberg, deputy chairman of the supervisory board of Netgames AG, Pliezhausen, deputy chairman of the supervisory board of Funk-Oase Communications AG, Ellhofen / Weinsberg

Dipl.-Kfm. Hubert Leypoldt, deputy chairman, chartered accountant, tax consultant, Dettingen/Erms, deputy chairman

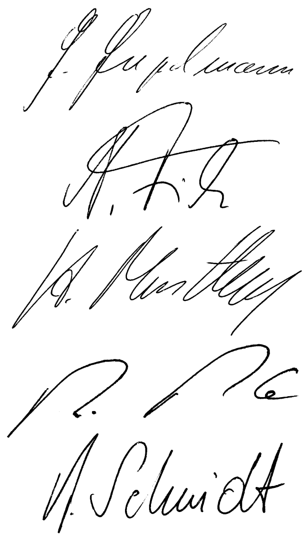
Dr. Dirk Lippold, managing director, Friolzheim.

In the year under review, the emoluments of the board of management amounted to EUR 1,110,879.68. The supervisory board received remuneration of EUR 46,834.39 for its activities.

D PROPOSAL FOR APPROPRIATION OF NET INCOME

In agreement with the supervisory board, the board of management proposes that the profit of EUR 2,907,135.42 be appropriated as shown in the table in FIG. 34.

CENIT AG Systemhaus
The Board of Management
Stuttgart, February 18th, 2000



AUDITOR'S OPINION

We have audited the annual accounts of CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, Stuttgart, as at December 31st, 1999. The board of management is responsible for accounting procedures and for drawing up these financial statements and the preparing the management report in accordance with German commercial law, the rules as established under the German Stock Corporation Law, and the supplementary provisions in accordance with the company's memorandum of association. It is our task to give an opinion regarding the annual accounts of the company, taking also of the accounting procedures and the management report into account, on the basis of the audit we have performed.

We performed our audit in accordance with article 317 of the German Commercial Code under consideration of the principles of an orderly audit of annual accounts as set forth by the Institut der Wirtschaftsprüfer (IDW). These principles require that the audit of the annual accounts be planned and performed in a manner which allows an adequately reliable assessment to be made of whether the annual accounts, under consideration of the principles of orderly accounting, are free of substantially erroneous statements and that the management report presents a true and fair picture of the company's assets, liabilities, financial position and earnings. In establishing the auditing procedures, the information on the business activities and on the economic and legal environment of the company, as well as expectations of possible errors, have been considered. In the course of the audit, the effectiveness of the internal financial control system, as well as the evidence used for accounting, annual accounts and management report have been mainly verified on the basis of random checks. The audit also includes an examination of the methods used for accounting and evaluation, and material estimates of the business management, plus an assessment of the overall picture conveyed by the annual accounts and management report. We are of the opinion that our audit provides a sufficiently reliable basis for our audit opinion. Our audit has not resulted in any objections. We are convinced that the present annual accounts, prepared in accordance with the principles of orderly accounting, present a true and fair picture of the company's assets and liabilities, financial position and earnings. The management report presents an overall true and fair view of the company's current position and accurately presents all risks of any future developments.

Stuttgart, February 21st, 2000
Dr. Ebner, Dr. Stolz und Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Wolfgang Russ	*Dieter Höreth*
Chartered Accountant	*CharteredAccountant*