CUT AND GROW!

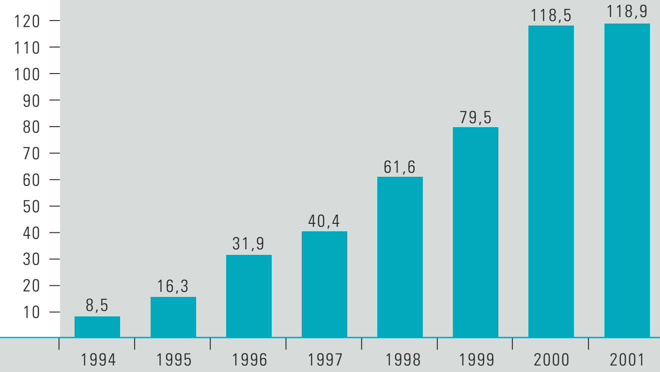
CENIT AG SYSTEMHAUS / ANNUAL REPORT 2001

THE CENIT GROUP AT A GLANCE

in million EUR if not stated otherwise	2001	2000	1999	1998
PERFORMANCE FIGURES				
Sales	118.9	118.5	79.5	61.6
Gross Profit	68.0	63.8	40.5	30.3
Depreciation	5.0	3.8	1.80	1.30
Net income	–13.7	–0.59	3.21	1.62
Operating earnings (EBIT)	–7.8	1.30	5.7	5.0
Cash flow	1.2	–13.12	5.00	2.92
BALANCE SHEET FIGURES				
Total assets	45.5	81.5	41.99	36.49
Shareholders' equity	15.7	42.33	25.80	23.09
Investments	3.5	34.2	2.92	2.49
KEY FINANCIAL RATIONS				
Return on sales	–11.5%	–0.01%	4.15%	2.90%
EBIT/sales	–6.6%	1.33%	7.2%	8.1%
Equity ratio	35%	51.95%	61.44%	63.28%
Return on equity	–87%	–0.02%	15.31%	9.19%
Earnings per share acc. to IAS (in EUR)	–3.28	–0.15	0.80	0.41
Divident amount (in EUR)	0	0	1.0	0.51
Number of shares (in million units)	4.183	4.183	4	1
Dividend per share (in EUR)	0	0	0.25	0.51
Number of employees (as at December 31)	649	870	440	315

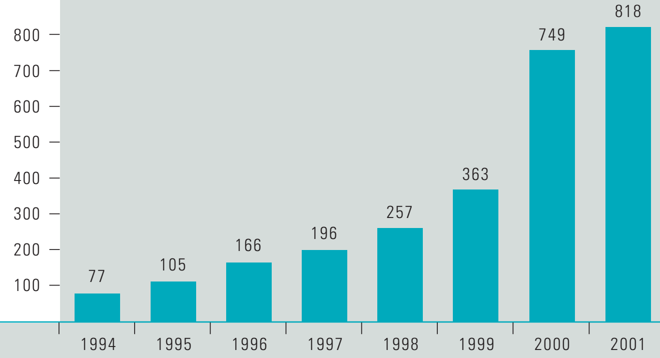
DEVELOPMENT OF SALES

in million EUR



DEVELOPMENT OF THE WORKFORCE

(ANNUAL AVERAGE)



CUT AND GROW WITH CENIT:

STRONG AND HEALTHY NEW GROWTH DEPENDS ON A GOOD CLEAN CUT.
AS REVEALED BY THIS ANNUAL REPORT, AND OUR BUSINESS DEVELOPMENT THROUGHOUT 2001.

CONTENT

CUT AND GROW

[Clean cuts for healthy growth]

UNCONTROLLED GROWTH IS NOT TO EVERYONE'S TASTE. PRECIOUS WOODS HAVE TO BE CUT RIGHT BACK IF THEY ARE TO RETAIN THEIR DESIRED FORM. FRUIT TREES NEED TO HAVE THEIR WATER-SHOOTS PRUNED AND BRANCHES SHORTENED FOR A BETTER HARVEST: A REALLY GOOD YIELD IS THE REWARD FOR THE RIGHT CUT.

(Preface of the Executive Board)

DEAR SHAREHOLDERS,

the 2001 annual report will give you a detailed insight of the economic situation of the enterprise and our position at present market situation and in further development. The costs and restructuring measures announced last year were realized consequently. Therefore we have sold our subsidiaries in Great Britain and North America. The economic development of both subsidiaries in 2001 as well as the negative business trend worldwide has shown that we can prevent considerable losses and capital commitment there. Our international engagement in France and Switzerland was continued and met our expectations with regard to sales volume and result development. All measures in 2001 served to push our strategic aims, the consolidation of the group as well as the reproduction of the old earning power, even further forward. For more than 12 years, we have proved impressively, that a solid growth with a clear positive result can be reached. Now, the worldwide IT crisis caught up on us and the individual industry-specific recession, such as in the automobile and aeronautic industry, led CENIT Germany into a negative group result for the first time.

Dear shareholders, we, too, are certainly not satisfied with the development of our share price. After a strong increase at the beginning of the year with a share value of over 25 €, the peak of the period, the price fell to its low point of 2001, a value of 2.50 €. The CENIT share price was 3.55 € at the end of the year. Besides our traditional research banks Dresdner Kleinwort Wasserstein, BW Bank, Hypo Vereinsbank, DG Bank und Cazenove UK, we could successfully attract further banks Consors, JP Morgan, Peel Hunt and CommerzInvest in 2001. In addition to this,

ANDREAS SCHMIDT

FALK ENGELMANN

HUBERTUS MANTHEY

an increase of our daily volume of trade could be registered. We are aware of the fact, that we have to fight for your confidence more than ever and we are sure, that the measures taken by us will show the expected effect fast and clearly. Furthermore, we want to and will again offer our shareholders a healthy and solid enterprise as investment. I thank you for your interest and confidence shown in the expired year and I wish you informative hours reading our annual report 2001.

Sincerely Yours

Falk Engelmann
Chairman of the Executive Board

CUT AND GROW

[Clean cuts for healthy growth]

WOOL SHEEP HAVE THICKLY GROWING BELLY WOOL — THE MERINO IN PARTICULAR IS A HIGHLY-PRIZED BREED AMONG EXPERTS.
AFTER THE LAST FROSTY NIGHT THE FLEECE IS SHORN NEAR TO THE SKIN — A CLOSE SHAVE FOLLOWED BY STRONG, FAST GROWTH.

CUT AND GROW

(overview)

2001

CORPORATE NEWS

30/01/ *Airbus DeutschlandGmbH* places major order with CENIT for the convertion to digitally performed development.

22/03/ CENIT receives an order from *Jungheinrich AG* for the implementation of CATIA and ENOVIA based on CATIA V5.

22/03/ CENIT implements Phoenix`s product IDT for *LBS* in *Berlin*, *Hannover*, *Kiel* and *Saarbrücken*.

29/03/ Balance Press Conference: *a 49 percent increase in turnover* and positive results in 2000.

05/05/ Strategic cooperation with *Peregrine Systems, San Diego*.

09/05/ CENIT realizes the technology for *Ferrari`s* ideas of digital development and production.

20/06/ CENIT-stockholders decide upon expenditure of the profit at this year`s general meeting.

25/07/ *HDW* places grand order with CENIT for the convertion of the entire production to digital processes.

20/08/ Follow-up order from *DFS* for the development of an electronic Document-Filing-System.

30/11/ Separation from unprofitable subsidiary *CENIT North America*.

05/12/ As a further cost reduction measure, CENIT parts from its subsidiary in Great Britain.

01/30/

CENIT TRAINS
800 AIRBUS DESIGNERS

800

AIRBUS DEUTSCHLAND GMBH

EADS Airbus GmbH places a major order with CENIT for the implementation of the software-solutions CATIA und ENOVIA. With the software, the development of the large-capacity aircrafts A380 and A400 can be performed in an entirely digital form. CATIA makes it possible to virtually build the aircraft on screen and simulate its functions. Through this, design errors are eliminated in advance. Furthermore, the PLM-solution ENOVIA realizes a worldwide cooperation via internet of all designers, suppliers and companies, participating throughout the development and production process. Together with EADS staff, CENIT develops the special design methods necessary for higher efficiency throughout the development process. A special challenge for CENIT is the integration of EADS' on stock Product Data Management (PDM) and SAP R/3 applications.

03/22/

CATIA VERSION 5

in the engineering industrie

2001

JUNGHEINRICH

Jungheinrich AG, one of the world's biggest manufacturers of fork-lift trucks, decided to opt for the CATIA-ENOVIA CAD/CAM duo developed by IBM und Dassault Systèmes. The new CATIA V5 is implemented by CENIT. This international project between Jungheinrich und CENIT, which also involves the production sites in England and France, is worth a one-figure million sum and is the beginning of an intensive partnership between the two companies. ENOVIA allows Jungheinrich a more efficient management of production data for all business processes, thereby reducing development costs for new products. Both solutions, CATIA und ENOVIA, are also linked into the already available SAP software.

05/05/

NEW STRATEGIC PARTNERSHIP

2001

PEREGRINE

CENIT AG Systemhaus forms a strategic partnership with Peregrine Systems, San Diego, an American supplier of IT infrastructure management solutions. By selling the global company's software licenses and providing services related to these products, CENIT expects an increase in its turnover. CENIT's focus lies on the German market and the Peregrine products "ServiceCenter" and "AssetCenter". These applications facilitate the efficient, computer-aided management of a corporate infrastructure. CENIT is also aiming to expand the partnership to other countries and products. Peregrine products are ideal additions to CENIT's portfolio. As a supplier for e-business-applications as well as Content-Management and Groupware-solutions, CENIT distributes and implements these solutions and adapts them to specific company environments.

DIGITAL REVOLUTION

in the shipbuilding industry

07/25/

2001

HDW

HOWALDTSWERKE-DEUTSCHE WERFT AG

Howaldtswerke-Deutsche Werft AG (HDW), Kiel, Germany, is the first European shipyard to convert its complete development, construction and product data management activities to integrated data technology. Thus, Germany's largest shipyard – and the international market-leader in the field of conventionally powered submarines – signed an eight-figure contract (€) with CENIT AG Systemhaus and IBM Germany GmbH. HDW, IBM and CENIT are planning a long-term cooperation. The contract provides for a wide-ranging package of hardware, software and services. IBM delivers hard- and software, accepts, together with CENIT, extensive conceptual tasks and acts as consultants throughout the initial phase. HDW will profit from shorter development phases and an improved product quality.

08/20/

DEUTSCHE FLUGSICHERUNG
RELIES ON **CENIT**

2001

DFS
DEUTSCHE FLUGSICHERUNG GMBH

DFS Deutsche Flugsicherung GmbH has placed an order with its long-term partner CENIT AG Systemhaus worth over 2,5 Millionen €. The order includes the development of an electronic Document-Filing-System in connection with the revision-secure electronic filing of previously filed paper-based documents. CENIT, as the general contractor, will implement the electronic filing using Panagon products from the world-market leader FileNET. This will integrate the filing within the workflow of the respective working areas. CENIT will also deliver the hardware-infrastructure necessary.

SALE OF LOSS MAKERS

11/30/

2001

CENIT PARTS FROM ITS SUB-SIDIARIES IN GREAT BRITAIN AND NORTH AMERICA

In November, CENIT carried through the signing of the contracts, finalizing the reverse transaction of the subsidiaries in North America. The North American companies are returned to the original owner. Only one company unit, Solid Xperts Inc., based in Canada and the US, and, as against the other companies, always profitable, will remain connected with CENIT. The sale of the subsidiary CENIT UK to the original owner, a further measure in CENIT's cost reduction programm, was also determined with the final contract. The sale of the subsidiary in UK is connected with a distribution contract, providing for future sales of CENIT services and products in UK. The company will continue to exist under the name CENIT UK. Parting from the subsidiaries, CENIT continues the consistent restructuring- and cost reduction program, thus initiating a considerable improve in the 2002 group results.

CUT AND GROW

[Clean cuts for healthy growth]

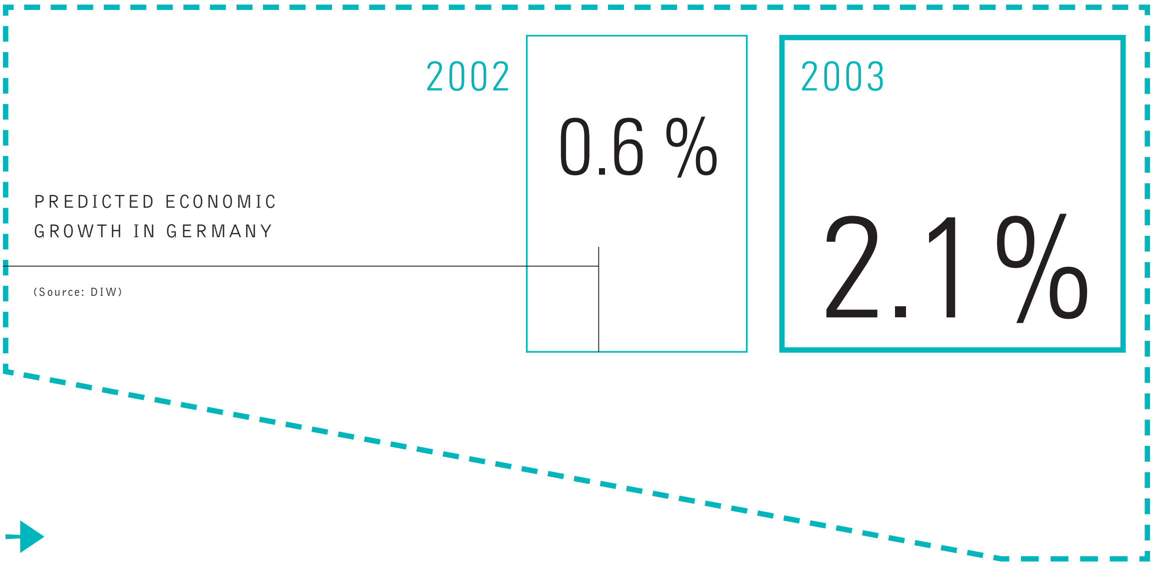
MEADOWS ARE ATTRACTIVE TO THE EYE, BUT UNPRODUCTIVE — MOWING TURNS THEM INTO FODDER FOR LIVESTOCK AND WELL-KEPT LAWNS. SPORTS GROUND, COURT OR GREEN: A GOOD CUT PROVIDES A SURE FOOTING FOR ANY MATCH.

CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, STUTTGART

GROUP AND COMPANY MANAGEMENT REPORT 2001

GLOBAL ECONOMIC DEVELOPMENT

The global economic development in 2001 was the cause for much apprehension. The reason for this is a development that seemed almost impossible at the beginning of the year: the previously strong growth almost came to a standstill in the course of the year. The economic slowdown felt since last spring became more pronounced throughout the year, affecting an ever-growing number of countries and regions. The fact that all decisive economic regions went through the crisis almost simultaneously has had a particularly negative impact; none of the larger economies is currently giving any stimulus. Restructuring, cost cutting, decline in investment activity, postponing and delays of projects as well as consolidation of foreign activities have consequently been the words most often characterizing the global economic development during the last year. It is therefore understandable if a real economic upturn that would stimulate the labor market is not in sight until 2003, according to estimations of the German Institute for economic research DIW *(Deutsches Institut für Wirtschaftsforschung)*. The DIW has considerably lowered its forecast for 2002: instead of 1.3 % growth, merely 0.6 % is anticipated. For 2003 the institute is expecting economic growth of 2.1 %. The DIW pointed out the considerable risks which could prevent the upswing. The German government relies to heavily on recovery of the U.S. economy instead of taking an initiative itself, the DIW says.
According to the DIW, the situation on the labor market is hardly going to ease up. The growth is not sufficient to bring about a real turnaround, it says. Economists are predicting an average number of unemployed in 2002 of just over 4 million and slightly less in 2003. Real improvements would only be made possible by a thorough reform of the labor market and an annual growth rate of 3 %. The DIW expressly refused to speak of a recession, did however speak of a "recessionary development". Due to the revival of the U.S. economy and lower inflation the situation is slightly improving, but the domestic demand and the global economic environment remains too weak to enable a turnaround already in 2002. If the upturn in America does not occur, Germany will according to the DIW have to expect a recession due to its orientation toward exports. Officially, the German government is expecting a growth rate of less than 1 % for this year. It remains to be seen whether the forecast will be lowered again.
The national as well as international economic downturn is in the DIW's opinion due to a conjunction of several unfavorable circumstances. Following the oil price shock and the rise in food prices due to animal epidemics such as BSE, the already weak global economy suffered another severe blow after the terrorist attacks of September 11, 2001.



DEVELOPMENT OF THE IT INDUSTRY

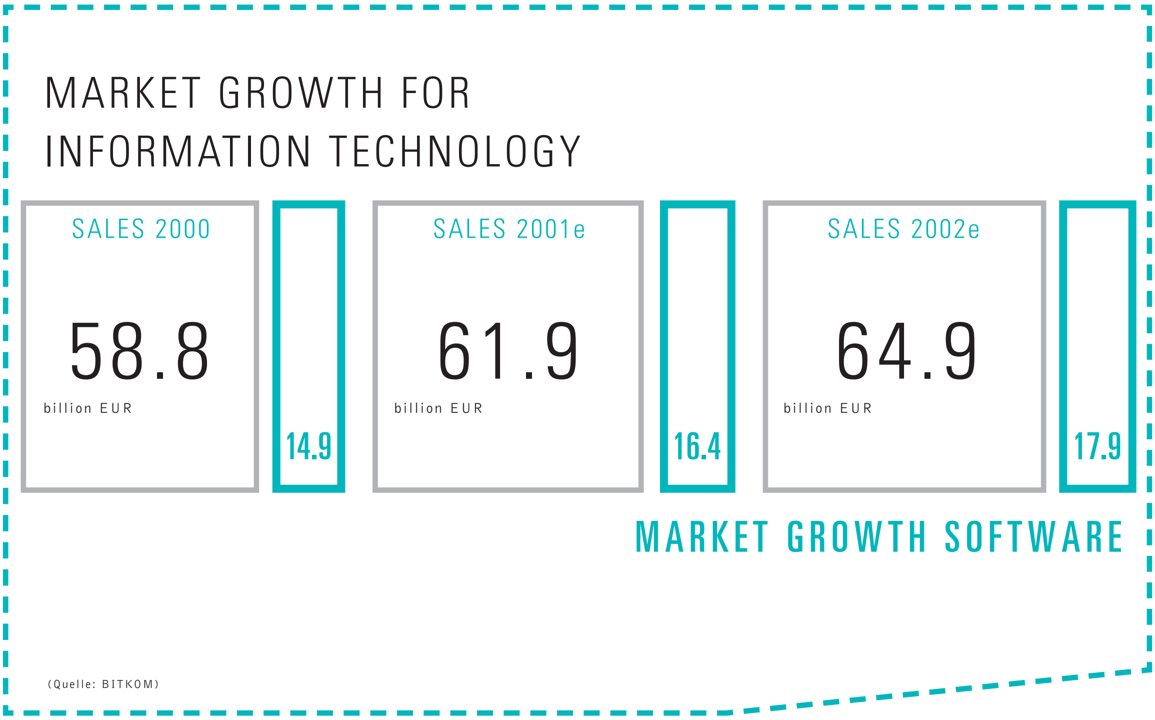
According to surveys by the U.S. market research company Yankee Group, the IT industry has for the first time since 1954 had to deal with the fact that companies are investing less in computers, software and related services than in the previous year. In 2002 — all industry analysts are agreed upon this — the situation might considerably improve. The predictions as to the improvement however tend to vary significantly. Software and consulting might pull the IT industry up, the U.S. consultants Giga Group say. The analysts have lowered their forecasts for the U.S. market and world-wide IT market in the coming year from 7 % to 4 % growth after spending dropped by 5 % in 2001. The study predicts stagnation in the computer and network technology segments, whereas the software segment is said to grow by plus 8 % and IT services by 8 to 12 %. The reserve displayed by customers with regard to investments, which was already documented in last year's quarter reports, tends to confirm the forecasts. There is no sign of a trend towards higher budgets for investments. One trend, however, has been clearly identified: companies tend to invest in technology that allows them work more efficiently and lowers the operating expenses. The return on investment issue is once more receiving greater attention. After the boom years 1999 and 2000, there still seems to be a need to catch up. A study published in autumn 2001 has after all come to the conclusion that many companies do not succeed in turning their investments in technology into productivity gains.

The investment banks Credit Suisse First Boston and Merrill Lynch also anticipate a recovery of the IT market in the second half of 2002. The same applies to the market research institute IDC. Both studies consider the operating system Windows XP launched by Microsoft in the autumn to be a positive sign, as Microsoft's operating systems have in the past 20 years always functioned as an engine of economic growth in the industry. In addition, there is the hardware infrastructure purchased in 1999/2000, which is in parts outdated and now needs to be replaced. Further market favorites are integration projects, which are supposed to allow for investments previously made in e-business projects to be combined as a whole — a market both for consultants and for software suppliers.

The German Federal Association for the information economy, telecommunications and new media BITCOM ["Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V."] presented its current economic data for Germany in October 2001. The German information technology and telecommunications market recorded a growth rate of 4.6 %, reaching € 130 billion in 2001. In 2002, BITCOM anticipates a 4.9 % rise to € 136.5 billion. The driving forces are currently software (+10 %), services in information technology (+10 %), cell phone services (+15 %) as well as Internet and e-services (+40 %). However, not all segments can participate to the same extent in this overall positive development. In particular PC and cell phone manufacturers as well as suppliers of infrastructure systems are currently in a difficult market environment. Internet and e-services still have the highest development potential. They increased by 40 % to € 5.6 billion in 2001. For 2002, growth of 20 % to € 6.4 billion is expected. 10 million Germans went online for the first time in 2000. By 2003 the number of German Internet users is predicted to rise by 21 % each year so that one in two Germans will then regularly be on the Internet. Information technology is developing in a similar way to telecommunications, even if the peaks and lows are less pronounced. After 9 % growth to € 58.8 billion in 2000, 2001 brings growth of 4.9 % to € 61.9 billion. For 2002, BITCOM analysts forecast a 5.2 % rise to € 64.9 billion. In particular where the introduction of mobile e-business systems in medium-sized companies is concerned, BITCOM sees great growth potential for the future. The driving forces are the same here as in telecommunications: services and software. Sales of IT services increased in 2001 by 10.1 % to € 18.4 billion. For 2002, BITCOM is expecting 9.3 % growth to € 20.5 billion. Growth of 9.8 % to € 16.4 billion is expected for software in 2001 and of 9.1 % to € 17.9 billion in 2002. For individual segments such as e.g., Application Service Providing, BITCOM predicts growth rates far above average. The market for IT hardware went through a period of flat growth in 2001 and slightly improved in 2002.

POSITIONING AND STRATEGY OF THE CENIT GROUP

The unfavorable economic development in Germany and above all around the globe, in the U.S.A. and the U.K., had a negative impact on the results of the CENIT group during the first three quarters. The EBITDA losses generated in Germany, too, during the first three quarters of 2001 were successfully compensated during the fourth quarter and



positive results were achieved for the quarter. This considerable reduction of the quarter losses in Germany has been achieved by the successful implementation of cost saving measures. That led to a first positive economic turnaround and significantly improved the cost structure. CENIT AG Systemhaus Group has in the last years managed to establish itself as one of the leading IT system houses and service providers and to expand its excellent position in Germany in spite of the negative market developments. CENIT still is the most successful CATIA partner worldwide for IBM and Dassault Systèmes. In Germany, CENIT's market share as a CATIA distribution partner is 25 % according to a study conducted by IBM/Dassault. On the e-business market, too, CENIT holds an important position with FileNet in the business partner segment. CENIT is the biggest partner in Europe for the American software house FileNET.

The barriers for competitors to enter the market remain hard, as CENIT's traditional customers prefer long-term relationships. There often are business processes that are critical for the company and require maximum discretion, besides comprehensive knowledge of technology and the industry. The trend towards reducing the lifecycle of products in the production industry can also be seen as a driving force on the market. In all market studies, those markets in which CENIT does business are in particular described as promising and stable. The customers' aim towards business process optimizing projects and a fast return on investments is optimally advanced through the core competences of CENIT services and products. We therefore consider ourselves to be successfully positioned and set for the future.

Our business activities focus on the business units e-engineering and e-business. The business unit e-engineering concentrates on industrial customers and e-engineering technologies. The industry focus lies on the automotive, aerospace, machine construction and shipbuilding industry. The business unit e-business concentrates on the customer segment trade, banks, insurance companies, utilities and public-sector service providers.
In the business unit e-business, we link the comprehensive possibilities of the Internet, intra- and extranets to intra-company processes in order to achieve streamlined processes. Our service range comprises solutions for imaging; workflow, document and content management with FileNET; Groupware solutions based on Lotus Notes/Domino; effective system management with TIVOLI as well as IT outsourcing for complete IT infrastructures.
The business unit e-engineering focuses on IT solutions and consulting services for complete processes concerning the whole product lifecycle.

Products and services in the CAD/CAE area are in the foreground here. Innovative technologies such as e-design, e-manufacturing, product data management, services, outsourcing, hardware and consulting help us cover the entire process chain with our portfolio, from the first idea through development and construction to production.
In both business units, we produce ready-to-use IT solutions for our customers on the basis of market standards such as CATIA, DELMIA or ENOVIA or with the IBM product family Tivoli, Lotus Notes, WebSphere as well as FileNET and Peregrine. These solutions are usually of vital importance for the companies. The solutions we have developed ourselves, e.g. SAP/PLM Integration for CATIA, enable the integration of various systems or provide supplementary characteristics in the CAD environment (for instance laser cutting in the production segment).
In terms of full service, our portfolio comprises both consulting as to system conceptions, implementation and operation right through to outsourcing as well as consulting and training. We also assist our customers in providing and configurating the required hardware.
The business unit e-engineering (EE) consists of the following business fields:
Computer Aided Engineering Applications, Digital Manufacturing, Hardware Infrastructure, Infrastructure Operations and Product Data Management.

PERCENTAL PROPORTION IN TURNOVER IN PROZENT

71 %

E-ENGINEERING (EE)

COMPUTER AIDED ENGINEERING APPLICATIONS
DIGITAL MANUFACTURING
HARDWARE INFRASTRUCTURE
INFRASTRUCTURE OPERATIONS
PRODUCT DATA MANAGEMENT

E-BUSINESS (EB)

29 %

COLLABORATION WEBSPHERE SOLUTIONS
ELECTRONIC DATA MANAGEMENT
SYSTEMS MANAGEMENT
HARDWARE INFRASTRUCTURE
MANAGEMENT CONSULTING

The business unit e-business (EB) consists of the following business fields:
Collaboration WebSphere Solutions, Electronic Data Management, Systems Management, Hardware Infrastructure and Management consulting. In addition, the business field e-Commerce belongs to the EB business unit. One of the restructuring measures in the fourth quarter of the year was to close e-Commerce and the project investments previously made have been written off in advance at the end of the year.

The strategic cooperation, e.g., with IBM, Dassault Systèmes, SAP, FileNet or Peregrine is an important pillar for the corporate strategy. Through cooperation with these leading manufacturers, we take part in the success of software products that are accepted around the globe and have in parts established themselves as market standards, exerting a market-oriented influence on the development of product innovations, e.g. FileNET Developer Network, or as development partner for Dassault Systèmes. Moreover, we extend our portfolio through additional applications of our own which are specifically tailored to customers' requirements.
An enabler and system integrator, we therefore are an optimum interface between customers and suppliers. Our comprehensive consulting services round out our complete solutions package and provide the basis for optimizing the business processes of our customers. Here we focus on complete company-wide processes.
CENIT has developed into a leading CAE/CAD supplier for many industries such as the aerospace, shipbuilding, machine construction, automotive and consumer goods industry. In the e-business business unit we were able to further expand our excellent position with FileNET in electronic data management (EDM), imaging, workflow, document and content management. We were moreover excellently positioned with Tivoli in the systems management segment. It includes in particular monitoring and operating effective IT infrastructures. In the IT Outsourcing segment of financial services, with trade companies and utilities, we are very well positioned as a reliable partner.

Our customers are among the top economic references. We work for EADS-Airbus, Boeing, Alstom, ABB, BMW, VW, DaimlerChrysler, Bombardier, Allianz, AGIS, Deutsche Flugsicherung, R+V-Versicherung, LBS, Metro, Quelle, Jungheinrich, TRW, Kärcher, MTU and HDW, to mention just a few.

CENIT has its headquarters in Stuttgart (Germany) and is present in the most important areas of industrial concentration. The German market is consequently the most important pillar. Due to the European subsidiaries, strong focus is laid on Europe, in particular on France and Switzerland. In addition, the American market is served by a branch in Detroit, Michigan, which works as a selling agency for the current customers in Detroit.

BUSINESS DEVELOPMENT OF THE CENIT GROUP IN 2001

DEVELOPMENT OF THE RESULTS

After the course of strong growth steered by the CENIT group during the first half of the year leading above all to a rise in the number of staff, the second half of 2001 was mainly characterized by a restructuring of the group and corresponding cost-saving measures. It became necessary to divest subsidiaries in the U.K. and the United States, as they were unable to rise to the expectations placed on them. Even the measures for turning around the business in both countries did not lead to any improvements for the medium-term after the British and American markets entered a strong economic crisis. In Germany, the business unit e-Commerce was closed, leading to write-offs of € 2 million for projects and placing an additional strain on the results.

Group sales of CENIT amounted to € 118.9 million (prior year 2000: € 118.5 million). The gross profit rose by 6 % to € 66.9 million. The EBITDA reached minus € 2.9 million (prior year 2000: € 5.2 million). Depreciation and amortization amounted to € 5 million (prior year 2000: € 3.8 million). Due to the restructurings, the result contains extraordinary amortization of € 1.1 million on the goodwill of the French group acquired in 2000 Spring Technologies S.A. This valuation adjustment was made in view of the changed economic situation. The earnings before interest and tax, EBIT, hence amount to minus € 7.8 million (prior year 2000: € 1.4 million). The divestiture of the foreign companies in the United Kingdom and the U.S.A. and the closure of the e-commerce business unit in Germany caused expenses for restructurings within the group of in total approx. € 8.7 million. This amount includes the goodwill amortization of both companies, the related costs of disposal and e-commerce project write-offs in Germany. After

TURNOVER

118.9

million EUR

2001

REVENUE CENIT in million EUR	1998	1999	2000	2001
	64.6	79.5	118.5	118.9

subtraction of financial expenses of € 0.9 million, the earnings before tax (EBT) amount to minus € 17.4 million. The group earnings per share in accordance with IAS reach minus € 3.28 (undiluted in accordance with IAS 33). The number of orders received rose by approx. 10 % compared to the prior year.

CENIT AG Systemhaus Germany achieved sales of € 87.3 million in the reporting year (prior year 2000: € 92.3 million). The EBITDA present balanced results (prior year 2000: € 5.4 million). The EBIT amount to minus € 3.4 million (prior year 2000: € 3.2 million). The net loss for the year, including the valuation adjustments of the French subsidiary worth € 2 million as well as expenses of € 12.7 million for the restructuring measures implemented in 2001, amounts to minus € 18.7 million (prior year 2000: € 1.3 million). The restructuring costs include write-downs on financial assets, on receivables, costs of disposal related to the divestiture of the companies and the project depreciation related to the closure of the e-commerce business unit in Germany. For the first time in its history, CENIT Germany has not made a profit.

VOLUME OF ORDERS

The volume of orders received by CENIT Germany, France and Switzerland increased by 10 % during the past business year in comparison to the previous year. The volume of orders of the group as of December 31, 2001 amounts to € 19.3 million.
The business year 2001 began with a large order for CENIT worth more than € 1.5 million from EADS Airbus. EADS Airbus GmbH counts on cooperation with CENIT for developing the new super jumbo jet A380 and the large-capacity air freighter A400M. The A380 will be the largest passenger plane in the world, with 555 seats on two decks. In addition to implementing the appropriate software solutions CATIA and ENOVIA, CENIT also provides training, technical support and migration of existing data to the new system.
Jungheinrich AG, one of the largest manufacturers of industrial trucks in the world, commissioned CENIT at the CeBIT 2001 trade show to implement the new CATIA Version 5 for the construction of its industrial trucks in connection with the cooperation with IBM. CENIT trains all design engineers and is at Jungheinrich AG's disposition for advice. In total, the international order from Jungheinrich to CENIT, which includes production plants in the U.K. and France, amounts to a figure somewhere between one and ten million euros and marks the beginning of an intensive relationship between the two companies.
The largest FileNET partner outside the U.S.A., CENIT has secured an e-business order from LBS for digitalizing and optimizing business processes. By implementing appropriate software, the entire communication with LBS's customers will be organized.
Howaldtswerke-Deutsche Werft AG (HDW), Kiel (Germany), is the first shipyard to consistently adjust its entire development, construction and product data filings to digital, integrated processes. In order to achieve this, the biggest German shipyard and world market leader has concluded an agreement worth tens of millions of euros with IBM Deutschland GmbH and CENIT AG Systemhaus for conventionally propelled submarines. This marks a successful entry into a new industry for CENIT. HDW's step is in specialist circles interpreted as a sign for the entire shipbuilding industry. The process of bringing this traditional industry up to the technology standards could provide CENIT with further orders from the shipbuilding industry.

19,300,000 €

THE VOLUME OF ORDERS RECEIVED
BY CENIT GERMANY, FRANCE AND SWITZERLAND
INCREASED BY 10 %

VOLUME OF ORDERS

DEC 31 2001

DFS Deutsche Flugsicherung GmbH is placing an order worth one million euros with its partner of many years CENIT AG Systemhaus for setting up an electronic document filing system. This entails not manipulateable electronic filing of DFS documents to date filed in print. CENIT will as prime contractor install the electronic archive on the basis of the Panagon software family of the leading software house FileNET and integrate it into the workflow of the respective areas. The hardware infrastructure is also to be provided by CENIT.
Our customers of many years such as BMW, VW, Allianz, AGIS, Hugo Boss, Axa, REWE, Metro, Quelle, TRW, Bosch, Kärcher and Alstom have also awarded long-term contracts worth millions of euros to CENIT in 2001. The orders received by our subsidiaries in France and Switzerland are especially noteworthy. Large contracts were concluded in France with Peugeot, EADS Airbus SNECMA Aerospace and in Switzerland with Allianz, COOP Zurich Versicherung, Alstom, Alcan Alesa Eng., HAWA and SFS.

MANAGEMENT BOARD

Heiko Büttner was appointed member of the management board of CENIT AG Systemhaus as of June 1, 2001. However, Heiko Büttner only assumed this function for a short period, as he left the company already on June 30, 2001.
Furthermore, Norbert Fink, board member for Human Resources, retired as of May 31, 2001. As co-founder of CENIT he will remain in close contact with the company and continue to work as consultant for CENIT.

INVESTMENTS

CENIT AG's investments in tangible and intangible assets amounted to € 2 million in 2001 (prior year € 5.3 million). Most of the money was invested in expanding the technical infrastructure and in furnitures and fixtures. In comparison to the previous year, investments fell by 62 %.
Depreciation and amortization of tangible and intangible assets increased by € 0.3 million to € 5.4 million.

The amount includes extraordinary amortization on intangible assets of € 2 million. The depreciation and amortization should be regarded as directly connected to the closure of the e-commerce business unit and the related ending of the project Electronic Mobile. The depreciation and amortization is disclosed in CENIT AG's income statement under Extraordinary expenses and in the group's statement under Expenses due to restructuring. CENIT North America with registered office in Detroit was founded at the end of 2001 to ensure that CENIT is still represented on the American market. Investments for the incorporation amount to K€ 28.

In order to account for the overall unfavorable economic situation and the consequently lower anticipated earnings, a valuation adjustment of € 2 million was carried out for the company acquired in 2000, Spring Technologies S.A., France. Investments by the CENIT Group were mainly made in fixed assets and software licenses.

PARTICIPATIONS

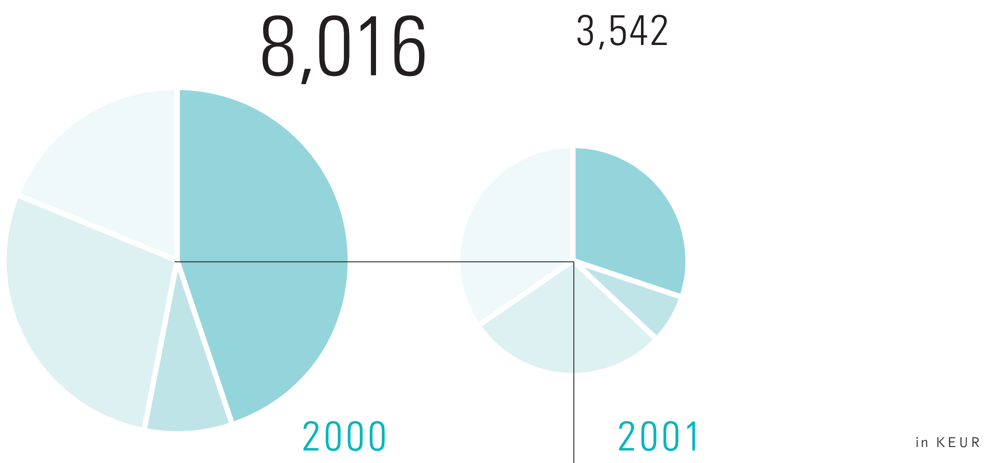
POSITIONING

Whereas in 2000 we pursued internationalization as the main target of our corporate activities, we had to realize in the course of 2001 that two of the acquired corporate groups were not rising to the expectations placed on them and were causing the CENIT Group severe losses. For this reason, we decided to reverse the acquisition of Lemire & Habrich Consultants Inc., Canada, and resell Desktop Engineering Limited (CENIT UK), United Kingdom, to its original owners.

CENIT (SCHWEIZ) AG

CENIT (Schweiz) AG, Switzerland, has in the second business year since its incorporation in 2000 positioned itself as IT service provider for the Swiss financial sector and the Swiss production industry. The significant losses at the

INVESTMENT COSTS



DIVISION OF CENIT AG'S INVESTMENT COSTS (in KEUR)	2000	2001
TOTAL OF INVESTMENTS	8,016	3,542
Licences, Commercial Trade Mark Right and Similar Richts and Securities as well as Licences of such Rights and Securities	3,594	1,068
Land and Buildings including Buildings on Someone Else's Property	659	242
Technical Installations; Machines	2,256	1,007
Office Furniture and Equipment	1,507	1,225

beginning of the year were considerably reduced in the course of 2001, resulting in only a slightly negative operating result of minus € 0.2 million for the last business year. The contribution to the group sales amounts to € 2.7 million. We have planned a positive result with moderate sales growth for 2002.

CENIT UK, FORMERLY DESKTOP ENGINEERING LTD.

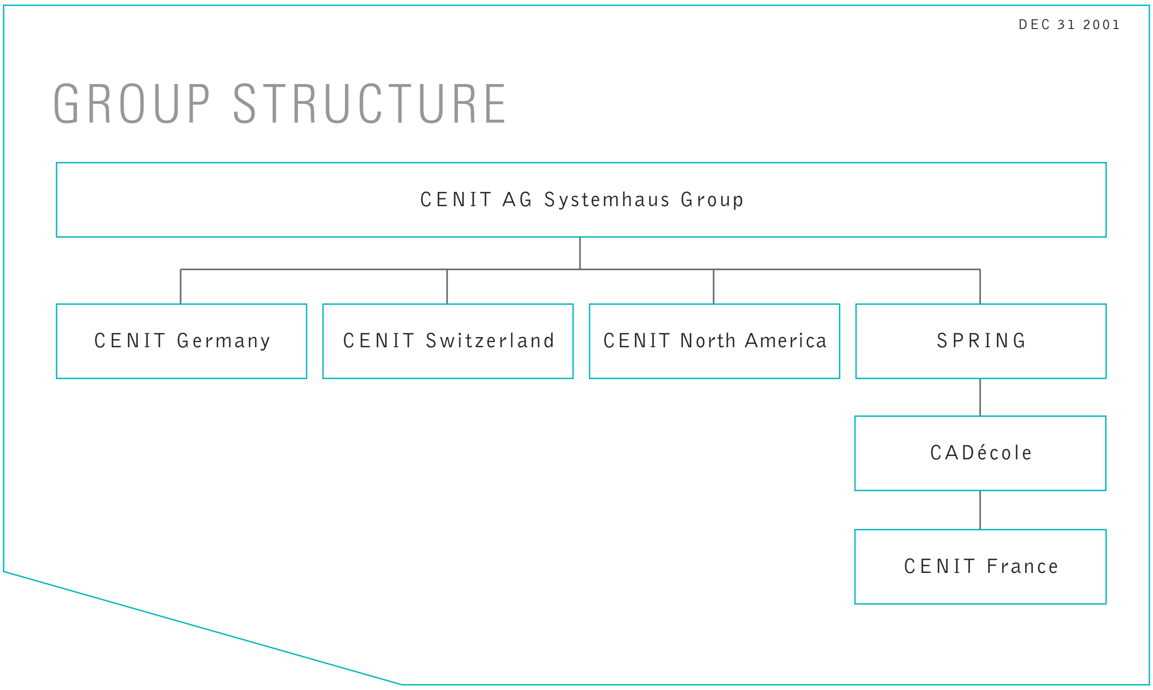
The crisis in the British automotive industry continued throughout the past business year and could not be compensated by the expansion of e-business services. CENIT UK contributed € 3.8 million to the group sales at the end of 2001. Due to its divestiture at the end of November 2001, only 11 months were consolidated. The operating result amounted to minus € 1.1 million.

SPRING TECHNOLOGIES S.A. (FRANCE)

With the Spring Technologies S.A. group, CENIT has a solid and successfully established company in France. In contrast to the generally shrinking economy, Spring achieved sales of € 16.8 million with a balanced operating result. With branches in Paris, Toulouse, Sochaux, Lyon and Nantes, we cover the most important industrial centers. In the automotive and the aerospace industry in particular, we secured important large orders. We have planned significant sales growth and a positive result for 2002.

CENIT AMERICA

CENIT America, formerly Lemire & Habrich Consultants Inc., recorded considerable losses in the business year 2001 which were essentially caused by the downturn in the automotive industry and the unexpected crisis in the aerospace industry. Even reasonable reductions of the workforce and closures of offices were not able to halt the continuingly negative trend. For these reasons and because the considerable losses might have occurred in the long run in spite of restructurings, we decided to reverse the acquisition of the subsidiary as of the end of the business year 2001 and to thereby finally separate ourselves from that company. With sales of € 10.1 million, CENIT America contributed an operating loss of € 2.5 million to the group result.



NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The balance sheet of CENIT AG Systemhaus is considerably influenced by the restructuring measures implemented in 2001. The balance sheet total was reduced from € 71.6 million to € 36.9 million. This is mainly a result of the reduction of the financial assets after the disposal and reversal of acquisition of the former CENIT subsidiaries in the United States and the U.K. and also of the decrease in intangible assets after closing the e-commerce business unit in Germany.

The special account “Contributions made for implementing resolution to increase capital” previously carried in the balance sheet with € 13.2 million has been netted in the context of the reversal of acquisition of the North American subsidiary.

The implemented restructuring measures continue to have an impact on the financing situation of CENIT AG Systemhaus. Whereas investments in companies were financed to 44 % with own funds at the end of 2000, the level of own financing briefly fell to 34 % as a consequence of the restructurings at the end of 2001. Equity amounts to € 12.8 million at the end of 2001 (prior year 2000: € 31.6 million). Liabilities due to banks have only slightly increased in 2001 to reach € 12.6 million (2000: € 11.2 million). The liquid funds rose in the same period from € 1.2 million to € 3.2 million. The liabilities to banks have therefore dropped by € 0.6 million after subtraction of the liquid funds.

The cash flow from operating activities of CENIT AG amounts to € 4.4 million and is above all a result of the decrease in trade receivables and inventories. The cash flow from investment activities amounted to a total of € 3.7 million in 2001 (2000: € 13.1 million). This results in lower negative funds for 2001 of € 0.7 million.
The sales development mirrors the difficult economic situation of the year 2001. Total sales were reduced by 5 % in 2001. The sales of software increased by 8 %. The sales of services simultaneously fell by 9 %. The sales of merchandise dropped by 4 % and the commission sales revenue by 9 %. The gross margin increased to 52 % (prior year 2000: 51 %). The overall gross yield decreased by 3 %.
The 12 % increase in the personnel expenses mirrors the development of the number of staff. CENIT Germany was still oriented towards growth at the beginning of 2001 and increased the workforce. Due to the rapidly deteriorating economic outlook, CENIT reduced the number of staff in mid-2001 by not replacing departures and by laying off staff. CENIT has closed down branch offices, at the same time implementing strict cost-saving measures and adapting business plans to zero growth. Further saving measures were introduced in October 2001 and layoffs carried out for the second time that year. The increase in the operating expenses as a consequence of these measures was limited to 10 %.

STAFF

The cost savings program initiated in summer 2001 not only required a hiring freeze, but also layoffs concerning 77 employees. However, because it is precisely our employees that ensure the success of our company, we are particularly interested in making the most of and increasing their potential. Various options are open to our employees for their personal further training such as specialist trainings and specialist career paths in sales/distribution and service. A specialist career path is planned for employees in the administrative division. We want to motivate our employees on the one hand with strategic target agreements and on the other everyone is to be given the opportunity of distinguishing themselves in their working field and hence gaining more responsibility.
Since the beginning of the business year 2001, we are recognized by the German Chambers of Industry and Commerce

STAFF

2001

649

DEC 31 2001

NUMBER OF EMPLOYEES

DEC 31 2001

1998	1999	2000	2001
315	440	870	649

as a company that takes on trainees. The number of trainees has increased by 4 in comparison to the previous year, the number of students from the vocational training academy ("Berufs-Akademie") by 5, bringing the number of students at the end of 2001 to 12 and that of trainees to 10. We are planning to take on our trainees and students after they have successfully completed their training and education.

The number of employees as of December 31, 2001 is 649 for the group (2000: 870) and 493 within Germany (2000: 533). The average for the year is 818 for the group and 526 employees in Germany. The number of employees at the end of the year is as follows in the individual countries: Germany: 493 (2000: 533), France: 139 (2000: 146), Switzerland: 17 (2000: 16). Groupwide, the workforce was thus reduced by 25 %.

Personnel expenses have risen by 12 percent compared to the previous year. Cost savings in Human Resources will have a positive impact on our result of operations next year at the earliest. Due to the layoffs, we have on a small scale made severance payments. The average age in Germany is 36 years. Over 70 % of our employees have a qualified university degree, for the most part in informatics or engineering. CENIT offers its employees flexible working hours and work at home.

Fluctuation is clearly higher than in 2000 due to the layoffs in connection with the company's situation, i.e. 16 % — it was only 9 % in 2000. We have recorded a very low number of employees off work due to illness.

DEVELOPMENT OF CENIT STOCK

The extreme price fluctuations on the venture market segment Neuer Markt *(new market)* were again numerous and characteristic of 2001. With 4.183,879 shares, a free float of over 54 % (Securities identification number: 540710) and an average annual trade volume on the fully electronic cash market trading system Xetra of 7668 shares per trading day (prior year 2000: 4765 shares), the CENIT share had a 61 % higher current float. Volatility was at times over 75 %. The peak price was € 25.99 in the first quarter of 2001 and the lowest price € 2.39. The relative price change over one year was 59 %. Our average evaluation recorded by analysts was “hold”. On the whole, we were able to successfully expand the already existing circle of research banks Dresdner Kleinwort Wasserstein, BW Bank, HypoVereinsbank, DG Bank and Cazenove&Co UK by Consors, JP Morgan, Peel Hunt UK and CommerzInvest. This points to a greater renown of the CENIT stock as a brand and confirms our communication strategy.

Of course, we are not satisfied either with the course the CENIT stock has taken. We do not consider the share price to be in an appropriate relation to the actual corporate substance and thereby to the market capitalization, which was on average € 50.2 million in 2001.
We will continue to reinforce our activities in Investor Relations in 2002 and carry out communication concerning our stock clearly and according to our duty. CENIT already today feels committed to the future Corporate Governance Codex and will this year again comply with the disclosure regulations by the German stock market.

RESEARCH & DEVELOPMENT

CENIT converges consulting and implementation of standard software by leading makers. Own product development is only accomplished in terms of adapting standard software, for instance in the case of special customer wishes. CENIT regards itself as a systems integrator and not as traditional software house with an independent development department. The few own products such as Cala, Tivoli Plus, CDI CATIA V5 Direct Interface for SAP, LaserCUT, CUT4AXES, CPost and VPM Extensions serve to open up new target markets to us.

+61%

CURRENT FLOAT
OF CENIT SHARE

2001

WITH A FREE FLOAT OF OVER 54%

RISKS FOR THE FUTURE DEVELOPMENT

Two thirds of the CENIT Group's customers still come from the production industry, including above all carmakers and their suppliers. Swings in the economic cycle of the automotive industry can under certain circumstances have an impact on the business situation of CENIT. However, CENIT is in a position to assist the automotive and aerospace industry with rationalization measures. In addition, the company covers a comprehensive range of services in other segments for e.g., financial service providers, utilities, business houses or machine constructors, which was further expanded.

A worldwide leading sales partner of IBM for the CAD/CAM/CAE solution CATIA, CENIT generates a considerable part of its earnings directly or indirectly through CATIA. This leads to a certain dependence on that system and on IBM. The closeness to IBM however also gives us a competitive edge, enabling us to accept large projects such as in the shipbuilding and aerospace industry.

We have identified three significant market risks:

First of all, the general market adjustment in the IT industry leads to a more competitive situation. Second, the increasing competition and dependence upon Global Players causes a constant decline in the margins of the whole IT industry. Third, the worldwide generally unfavorable economic situation stops companies investing. International crises in for example the automotive and aerospace industries are a proof of this. Crisis announcements from FORD or General Motors are further proof. A continuing recession, or rather the absence of economic recovery in the second half of the year 2002, must be regarded as a risk.

The internal control system of CENIT includes a group-wide planning and budgeting procedure, dealing essentially with the operative opportunities and risks of the business units. These include strategy meetings to identify strategic risks and continual risk reporting. The decentralized risk managers set up risk controlling reports which mainly detail information on the risk assessment, risk indicators, statements on the probability of occurrence and risk level. Appropriate measures for risk management are deduced from the reports. This way, management is informed of significant risks at an early stage.

The continual control and management of risks has produced successful results, for example concerning the approach to terms and conditions of agreements in various situations. Particularly with large projects, the soundness of agreements

is examined. The same applies to the dependence upon license partners with whom long-term agreements are often concluded. Our partners such as IBM, Dassault or FileNET enjoy a high level of acceptance on the market due to the worldwide market penetration of their standard software and products.
A look at the loss of receivables outstanding shows a minimum rate of 0.6 % of the sales of the CENIT Group.
An evaluation of the current risk situation has shown that no risks endangering the company's existence occurred in the reporting period and that no such risks have currently been identified for the future. In addition, we are covered against individual risks through insurance policies which are continually reexamined and adjusted if need be.
A transparent corporate management and early risk warning is ensured by the strategic risk management and early warning system in accordance with the guidelines of the Law on Control and Transparency in Business KonTraG *(Gesetz zur Kontrolle und Transparenz im Unternehmensbereich)*, which was elaborated in 2000 with a consulting company and is regularly adapted to the current developments.

PROSPECTIVE DEVELOPMENT AND OUTLOOK

Unfortunately, CENIT, too, was forced to significantly reduce its sales and earnings forecasts in the past year due to the events already described in the management report. Such dramatic changes in the world's economy were hard to foresee for all companies and analysts. We aim to strongly justify our investors' trust by achieving the goals we have set ourselves in 2002.
The CENIT Group is anticipating slightly lower sales in the current business year 2002 and a considerable improvement of the group results.
We therefore expect to visibly increase our profitability in 2002 and also that the cost-cutting measures initiated already in 2001 will have the anticipated positive effect. Then we will have accomplished the turnaround. For our foreign companies in Switzerland and France, we are expecting increased and ensured profitability in relation to the market situation.

CENIT AG SYSTEMHAUS: HAS MOVED ITS HEADQUARTER

Industriestraße 52-54
D-70565 Stuttgart
Germany

The European market for software and IT services in the development and design segment is currently undergoing decisive changes. Product Lifecycle Management (PLM) is converging the CAD/CAM market with the Product Data Management (PDM) issue and other applications. Market studies such as PAC are talking of growth rates of over 26 % p. a. on the European market. The growth rates of CAD/CAM currently are 4 %. CENIT is very well positioned on these markets with its e-engineering business unit and is expecting corresponding sales in this segment. Not least the penetration of the shipbuilding market creates new sales potential in a to date neglected industry. The introduction of CATIA V5 should also at the latest in the third quarter of 2002 replace the prior version CATIA V4 in the automotive industry and generate new impulses for CENIT.
By concentrating on Collaboration WebSphere Solutions with IBM, Electronic Data Management from FileNET, Systems Management with Tivoli as well as Hardware Infrastructure Solutions and Management Consulting, we are consistently pursuing our aim of becoming a leading e-business service provider in Germany. All these solutions and products fulfill the customers' wishes for fast return on investments and merger of individual e-business solutions. CENIT regards itself as well positioned for success, even in a difficult market environment.

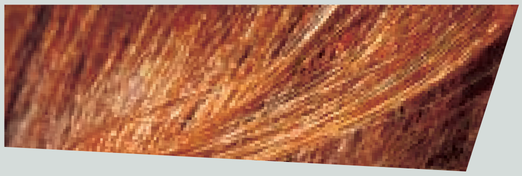
CENIT AG Systemhaus has moved its principal place of business in Stuttgart.

Our new address:

CENIT AG Systemhaus
Industriestraße 52-54
70565 Stuttgart
Germany
Phone +49 (0)711 / 78 25-30
Fax +49 (0)711 / 78 25-4000

Stuttgart, March 11, 2002

CUT AND GROW



[Clean cuts for healthy growth]

THE AVERAGE PERSON HAS BETWEEN 80,000 AND 120,000 HAIRS ON THEIR HEAD. AND EACH ONE GROWS BETWEEN 0.25 AND 0.4 MM A DAY.
IN OTHER WORDS:
IF YOU WANT A HAIRCUT AND NOT JUST HAIR, IT NEEDS A TRIM.

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board has discharged the duties imposed upon it by the Law and the Memorandum of Association for the CENIT AG Systemhaus in the financial year 2001 and supervised the Executive Board. The Supervisory Board was regularly informed about the company's business developments and all important matters in six meetings, and by written and oral reports submitted by the Executive Board. Furthermore the Chairman of the Supervisory Board has continuously conferred on important business transactions and fundamental questions of corporate policy with the Executive Board. He has reported to the other members of the Supervisory Board in regular telephone conferences. Once again in the business year 2000, the Supervisory Board established no committees. The strategic seek of the enterprise in the market, the improvement on the productivity as well as the sale of the subsidiaries in Canada and Great Britain were in the focus of the advice.
The present annual financial statements and the management report for the financial year 2001 have been audited by Ernst & Young Deutsche Allgemeine Treuhand AG Wirtschaftsprüfungsgesellschaft, Stuttgart, chosen by decision of the shareholder's meeting of June 20th, 2001 as statutory auditor. The audit has shown that the accounting and financial statements comply with the legal regulations and show a true figure of the assets, financial position and profit situation of the company. The management report is consistent with the financial statements and accurately mirrors the course of business as well as the company`s current position. The auditor has awarded his unreserved confirmation.

The consolidated annual financial statements for the year 2001 and the group management report were also examined by the auditor and have received unreserved confirmation. The consolidated financial statements including the cash flow statements and the shareholder's equity statements thus provide a true and accurate representation of the assets and financial position of the group as per December 31, 2001, as well as the profit situation and the cash flow of the expired financial year following the standards of the International Accounting Standard Committee (IASC). The group management report is in accordance with the consolidated annual financial statements and reproduces truly the development of the group.

SUPERVISORY BOARD OF CENIT AG

HUBERT LEYPOLDT

DR. DIRK LIPPOLD

DR. AXEL SIEGLE

The Supervisory Board examined the annual financial statements, the consolidated annual financial statements as well as the summarized management and group management report. At the balance sheets meeting of the Supervisory Board on March 6, 2002 the annual financial statements were reviewed thoroughly; the auditor participated in this meeting. He has reported to the audit and given information to questions about the essential results. The Supervisory Board took notice of the audit result and agreed. After finishing the own examination of the annual financial statements and the management report we have no objections. The Supervisory Board expressed its concurrence with the annual financial statements presented by the Executive; they are therefore adopted. The Supervisory Board has taken note of and agreed with the consolidated annual statements and the group management report.

Norbert Fink resigned from CENIT`s Executive Board as of May 31, 2001. The Supervisory Board wants to thank Mr Fink for the merits he achieved as founding shareholder, General Manager and Member of the Executive Board of the company at the build-up of the enterprise.

The financial year 2001 has made high demands on all Members of the Executive Board and particularly also on all staff members of the company. The Supervisory Board feels obliged for their commitment and dedication.

Stuttgart, March 2002

Representing the Supervisory Board
Dr. Axel Single, Chairman

CUT AND GROW

[Clean cuts for healthy growth]

THE FIRST CUT IN EVERY-ONE'S LIFE TAKES PLACE SECONDS AFTER BIRTH. CUTTING THE UMBILICAL CORD IS THE FIRST STEP TOWARDS INDEPENDENCE AND AN ESSENTIAL CONDITION FOR HEALTHY DEVELOPMENT – AS WELL AS FOR AUTONOMOUS, HEALTHY GROWTH.

FINANCIAL STATEMENT

GROUP FINANCIAL STATEMENT ACC. TO IAS

CENIT AG SYSTEMHAUS FINANCIAL STATEMENT ACC. TO GERMAN COMMERCIAL CODE (HGB)

GROUP BALANCE SHEET (ACC. TO IAS)

for the period from January 1 to December 31, 2002

in KEUR	Note	31 Dec 2001	31 Dec 2000
ASSETS			
Fixed assets			
Intangible assets	F1	6,100	28,335
Tangible assets	F2	3,279	5,266
Financial assets	F3	181	172
		9,560	**33,773**
Deferred taxes (long term)	F4	**4,079**	**500**
Current assets			
Inventories	F5	2,870	5,349
Receivables and further items of property	F6	23,148	36,547
Other receivables	F7	2,247	1,885
Securities	F8	3	3
Cash and cash equivalents	F8	3,571	2,355
		31,839	**46,139**
Deferred charges and prepaid expenses	F9	**50**	**1,093**
		45,528	**81,505**
Discontinuing operations	I1	0	8,731

in KEUR	Note	31 Dec 2001	31 Dec 2000
LIABILITIES			
Shareholders` equity			
Subscribed capital	F10	4,184	4,184
Capital surplus	F10	23,350	36,504
Currency reserve	F10	-53	-138
Earned surplus	F10	3,950	2,719
Treasury stock		-511	-511
Convertible debenture	F10, F11	6	10
Group result	F10	-15,219	-480
		15,707	**42,288**
Minorities	E13	**0**	**0**
Provisions	F12	**4,510**	**3,958**
Deferred taxes	F13	**162**	**232**
Liabilities			
Short term liabilities due to banks	F14	12,936	13,364
Long term liabilities due to banks	F14	432	527
Trade liabilities	F15	7,773	15,602
Other liabilities	F16	4,008	5,534
		25,149	**35,027**
		45,528	**81,505**
Discontinuing operations	I1	0	6,784

GROUP PROFIT AND LOSS STATEMENT (ACC. TO IAS)

for the period from January 1 to December 31, 2001

in KEUR	Note	2001		2000
1. Sales	E1		**118,890**	**118,547**
2. Increase or decrease in work in progress in finished and unfinished goods			1,263	-96
Total output			120,153	118,451
Discontinuing operations	I2		13,495	12,567
Continuing operations			106,658	105,884
3. Other operating income	E2		1,085	593
Operating output			121,238	119,044
4. Cost of material	E3	53,231		55,227
5. Personnel expenses	E4	48,964		39,698
6. Depreciation on intangible				
assets and tangible assets	E5	4,963		3,815
7. Other operating expenses	E6	21,914		18,966
			129,072	117,706
Operating results			-7,834	1,338
Discontinuing operations	I2		-3,550	-1,144
Continuing operations			-4,284	2,482
8. Other interest and similar income	E7	38		180
9. Write-downs on financial assets and on marketable securities		0		6
10. Interest and similar expenses	E8	891		476
			853	302
Results of ordinary operations			**8,687**	**1,036**
11. Results from restructuring	E12		8,671	0
12. Taxes on income	E9	-165		1,714
13. Deferred taxes	E9	-3,649		-39
14. Other taxes	E10	130		42
			-3,684	1,717
15. Net losses before minorities	E13		13,674	-681
16. Result attributable to minorities			0	0
17. Consolidated net loss			**-13,674**	**-681**
Earnings per share (undiluted) in EUR	E14		-3.28	-0.17
Earnings per share (diluted) in EUR	E14		-3.28	-0.17

CONSOLIDATED CASH FLOW STATEMENT (ACC. TO IAS)

for the period from January 1 to December 31, 2001

in KEUR	2001	2000
Cashflow from corporate operations		
Earnings before tax	-17,488	994
Adjustment for:		
Depreciation on tangible and intangible assets	4,963	3,815
Losses due to asset disposals	-5	51
Extraordinary depreciation and losses due to asset disposals		
from former subsidiaries	9,278	0
Other invalid payment depreciations and earnings	255	6
Interest income	-38	-180
Interest expenses	891	476
Operating results before changes in net current assets	**-2,144**	**5,162**
Increase/Decrease in trade receivables		
and other assets	14,314	-12,824
Increase/Decrease in inventories	2,479	-3,377
Increase/Decrease		
in trade liabilities and other		
short term provisions and liabilities	-6,171	15,272
Cash flow generated by ongoing operations	**8,478**	**4,233**
Interest expenses	-891	-476
Interest income	38	215
Taxes on income paid	0	-1,941
Cashflow prior to restructuring expenditures	**7,625**	**2,031**
Revenue from restructuring	**306**	**0**
Disbursements due to restructuring		
(assumption of liabilities)	-3,116	0
Net cash generated by corporate operations	**4,815**	**2,031**
Cashflow from investment operations		
Acquisition of equity participations	0	-7,384
Formation of consolidated subsidiaries	-12	0
Acquisition of tangible assets and intangible assets	-3,542	-6,080
Income generated by the disposal of fixed assets	80	10
Increase from other asset exposures	-9	0
Net cash employed for investment operations	**-3,483**	**-13,454**
Cash flow generated by financing operations		
Payments (-) from long term bank loans	-96	-192
Changes in convertible debenture	-16	0
Increase in financial assets	0	-511
Dividend payments to shareholders	0	-996
Changes in equity capital due to convertible debenture and shares from other associates	0	0
Net cash employed for financing operations	**-112**	**-1,699**
Net increase/decrease in cash and cash equivalents	**1,220**	**-13,122**
Cash and cash equivalents at start of reporting period	**2,355**	**15,517**
Net increase /decrease in cash and cash equivalents	**1,220**	**-13,122**
Impact of exchange rate changes on cash and cash equivalents	**-4**	**-40**
Cash and cash equivalents at end of reporting period	**3,571**	**2,355**

GROUP STATEMENT OF CHANGES IN EQUITY (ACC. TO IAS)

for the period from January 1 to December 31, 2001

in KEUR	Subscribed capital	Capital surplus	Currency reserve	Earned surplus	Treasury stock	Retained earnings	Convertible debenture	Total
Balance 1.1.1999	2,557	18,406	5	0		2,122		23,090
Allocation to earned surplus				869		-869		0
Dividend payment for 1998						-511		-511
Capital increase out of company funds	1,443	-1,443						0
Payment received from issue of convertible debenture							15	15
Net profit						3,207		3,207
Currency changes			3					3
Balance 31.12.1999	**4,000**	**16,963**	**8**	**869**	**0**	**3,949**	**15**	**25,804**
Balance 1.1.2000	4,000	16,963	8	869	0	3,949	15	25,804
Allocation to earned surplus				1,900		-1,900	-5	-5
Change in equity content of convertible debenture	184	19.541						19,725
Capital increase by way of non-cash contribution								0
Dividend payment for 1999						-996		-996
Adjustment of deferred taxed						-908		-908
Acquisition of own shares					-511			-511
Net loss						-597		-597
Currency changes			-146					-146
Other						-28		-28
Balance 31.12.2000	**4,184**	**36,504**	**-138**	**2,769**	**-511**	**-480**	**10**	**42,338**
Balance 1.1.2001	4,184	36,504	-138	2,769	-511	-480	10	42,338
Revision IAS 8.31				-50				-50
January 1, 2001 after revision IAS 8.31	4,184	36,504	-138	2,719	-511	-480	10	42,288
Allocation to earned surplus				1,235		-1,235		0
Revision first consolidation due to reverse transaction North America						324		324
Revision currency reserve first consolidation						-183		-183
Adjustment group results Spring						29		29
Change in equity content convertible debenture							-4	-4
Change minorities				-4				-4
Currency changes			85					85
Annual result of the Group						-13,674		-13,674
Change capital reserve Reverse consolidation		-13,154						-13,154
Balance 31.12.2001	**4,184**	**23,350**	**-53**	**3,950**	**-511**	**-15,219**	**6**	**15,707**

CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, STUTTGART, GROUP NOTES

GROUP NOTES FOR THE 2001 FINANCIAL YEAR

A. REGISTRY OF COMPANIES AND OBJECT OF THE COMPANY

The company is domiciled in Germany and incorporated in the Register of Companies, Section B, maintained by the local civil Court there, under No. 19117. The object of the company is any and every type of service associated with introducing and operating information technologies and with the sale of and trading in software and information technology systems.
The company may acquire enterprises and holdings in enterprises if the target company is active in software or information technology.

B. ACCOUNTING PRINCIPLES

The group balance sheet for the CENIT Aktiengesellschaft Systemhaus, Stuttgart, is drawn up and published on the basis of the International Accounting Standards (IAS). The group balance sheet is based on uniform accounting and valuation practices. The principles set forth in the Framework and in the International Accounting Standards promulgated by the International Accounting Standards Board (IASB) and by the Standing Interpretations Committee (SIC), in the version valid on the balance sheet date, were applied.
Information on the application of special IAS provisions are to be found later in the Notes, in the explanations of the individual items in the financial statements.
The consolidated annual financial statement also complies with the requirements of Section 292 a of the German Commercial Code (exonerating group financial statement). Deviations from the accounting, valuation and consolidation practices for group financial statements set forth in Sections 290 ff. of the Commercial Code are summarized in Note I.2, as they are not found directly in the explanations for the individual items. The group financial statement is based upon uniform accounting and valuation principles.
The annual financial statements and/or the sub-group accounts for the companies included in the consolidated group financial statements have been adjusted to the balance sheet date for the group financial statements, and for disposed companies, with the exception of CENIT UK, have been adjusted to the day of disposal.

FIG. 1

HOLDINGS

NO.	NAME AND DOMICILE	Currency	Holdings %	of	Subscribed capital TLW	Initial consolidation/ Final consolidation
2	CENIT Limited, Altrincham/Great Britain	GBP	100.00	1	30	16 June 1996/ 29 November 2001
3	CENIT (Schweiz) AG, Frauenfeld/Switzerland	CHF	90.00	1	500	26 October 1999
4	Desktop Engineering Limited, Oxford/Great Britain	GBP	100.00	1	63	1 April 2000/ 29 November 2001
5	Desktop Engineering Solutions Limited, Oxford/Great Britain	GBP	100.00	4	3	1 April 2000/ 29 November 2001
6	Desktop Engineering Services Limited, Oxford/Great Britain	GBP	100.00	4	0	1 April 2000/ 29 November 2001
7	Spring Technologies S.A., Montreuil/France	EUR	100.00	1	328	1 May 2000
8	CAD Ecole SGAO SARL, Montreuil/France	EUR	100.00	7	38	1 May 2000
9	CENIT SARL, Montreuil/France	EUR	100.00	7	38	1 May 2000
10	CENIT SYSTEMHAUS HOLDING (CSH) INC., Montreal/Canada	CAD	100.00	1	5,000	1 May 2000
11	CENIT CANADA INVESTMENTS (CCI) INC., Montreal/Canada	CAD	92.58	10	7,613	1 May 2000
			7.42	1		
12	L & H Consultants Inc., St. St. Laurent/Canada	CAD	100.00	11	0.1	1 May 2000 24 November 2001
13	L & H Consultants Inc., Detroit/USA	USD	100.00	12	10	1. Mai 2000 23 November 2001
14	Alta Technologia en Diseno por Computadores S.A. de C.V., Wisconsin/Mexico	MXP	99.00	12	50	1. Mai 2000 23 November 2001
15	Solid Xperts Inc., St. Laurent/Canada	CAD	100.00	11	0.1	1. Mai 2000 21 December 2001
16	Solid Xperts Inc., Charlotte/USA	USD	100.00	15	0.1	1. Mai 2000 20 December 2001
17	CENIT NORTH AMERICA INC.,	USD	100.00	1	25	29 November 2001

FIG. 2

NOT CONSOLIDATED

NO.	NAME AND DOMICILE	Currency	Holdings %	of	Subscribed capital TLW
9	CENIT Italy S.R.L., Modena/Italy	EUR	100	1	12

C. CONSOLIDATION PRINCIPLES

1. Consolidated group

The group financial statement includes all affiliated companies in which the CENIT AG (no 1) holds, directly or indirectly, majority voting rights or, on the basis of other rights, exercises control in the spirit of IAS Section 27. Initial consolidation takes place with effect as of the day upon which the CENIT AG entered into a controlling relationship, either direct or indirect, with the subsidiary. Amounts due to minority shareholders are shown separately in the group balance sheet and in the group statement of earnings, with the exception of the amounts according to IAS 27.27. The subsidiary CENIT Italy, established in 2001, was not operational in 2001 and was not included in the scope of consolidation due to its immaterial size (IAS 27.32). Included in the CENIT AG group financial statements, as prescribed in IAS Section 27, are the following subsidiaries: Refer to FIG. 1
For companies not included in the scope of consolidation or reasons of materiality: Refer to FIG. 2
Changes to the scope of consolidation were made in the 2001 financial year by the sale and the re-liquidation of subsidiaries in Great Britain and North America. The resulting discontinuing operations are stated as specific items in the consolidated balance sheet and the consolidated statement of earnings as of December 31, 2001. Detailed information regarding discontinuing operations is stated under Point1.

2. Consolidation methods

The basis for the group financial statement is formed by the annual financial statements and sub-group statements for the companies included in the consolidated group, these being prepared in accordance with uniform rules as per December 31, 2001, and examined and certified by auditors.
The consolidation of capital for the subsidiaries was undertaken in accordance with the book value method by offsetting the acquisition costs against the equity capital devolving to the parent company at the time of acquisition. The goodwill resulting from the consolidation of capital is depreciated in a straight-line fashion over a 15-year period of time.
Inter-company sales, expenditure and revenues as well as all receivables and payables among the consolidated companies were eliminated.

FIG. 3

TRANSLATION RATES IN EURO

	Rate on balance sheet date		Average annual rate	
	31.12.2001	31.12.2000	2001	2000
GBP	0,6145	0,6340	0,6219	0,6128
CHF	1,4824	1,5231	1,5102	1,5135
CAD	1,4177	1,4183	1,3870	1,3669
USD	0,8940	0,9467	0.,8955	0,8968

No asset items resulting from inter-company deliveries are included in the inventories or in the fixed assets. For reasons of materiality, there was no elimination of intermediate results.

3. Foreign currency translation

The concept of the functional currency was applied in translating the financial statements drawn up by the consolidated companies in a foreign currency. Since the group companies operate their businesses autonomously, they are handled as “foreign entities” in the spirit of IAS Section 21. Thus, asset items and debts are translated at the rate applicable on the balance sheet date, equity capital at the historic rate, and expenditure and revenues at the average annual rate.

The difference resulting is applied to the equity capital without impacting the statement of earnings. Transactions in foreign currencies are translated at the exchange rate prevailing on the transaction date. At the close of the business year the assets and liabilities are calculated at the rate on the balance-sheet date. Any discrepancies resulting from translation are handled so as to be reflected in the operating results. The following exchange rates were used when calculating foreign currency items: Refer to FIG. 3

D. ACCOUNTING AND VALUATION PRINCIPLES

The group financial statement is based on the original cost principle. Unless otherwise noted, the assets and liabilities are listed at their nominal values, less any required adjustments which may be required. Intangible assets are posted at acquisition price together with the costs associated with acquisition. These assets are depreciated in a scheduled fashion on a straight-line basis over their anticipated useful lives, normally three years. Extraordinary depreciation will be taken where necessary; it will later be reversed should the reason for the write-down cease to exist. In the reporting year, unscheduled expenses of € 3.2 million were caused by the discontinuation of the CENIT AG Systemhaus e-commerce division. Intangible assets generated internally are not capitalized, due to the absence of identity with the criteria in IAS Section 38, Paragraph 45. As part of the further development of existing products, there were expenses of € 21 million, which are carried fully as expenses in the consolidated statement of earnings.

Goodwill deriving from capital consolidation is capitalized as per IAS Section 22; straight-line depreciation is taken over a period of fifteen years.
Fixed assets are reported at purchase or manufacturing cost as per IAS Section 16, Paragraph 14, minus depreciation as per IAS Paragraph 41. Extraordinary depreciation as provided for in IAS Section 36 was not required. Financing costs are not capitalized in line with IAS Section 23, Paragraph 11, since they cannot be allocated directly to specific asset items.
Items in the fixed assets are depreciated at a rate corresponding to their useful economic lives. For other assets and for items of manufacturing plant and business equipment this economic life is set between four to ten years. There were no significant residual values as per IAS Section 16, Paragraph 46, which required consideration when establishing the depreciation amount.
Write-ups in line with IAS 36 Paragraph 94, necessary as soon as the reason for the depreciation no longer exists, were not taken in the reporting year. Financial assets are carried at acquisition costs, less anticipated, sustained value impairment. Repair costs are posted directly, as expenses.
Inventories are reported at the purchase or manufacturing costs and advance payments are reported at the nominal value. Financing costs are not capitalized since the direct allocation required by IAS Section 23 Paragraph 11 is not satisfied. It was not necessary to adjust inventories, in accordance with IAS 2, to the lowest net sales value which can be realized.
Trade receivables are posted at nominal value. Risks of default are taken into account by way of appropriate individual value adjustments. No global value adjustments have been made. As prescribed in IAS Section 32 securities are valued at the lower purchase or market rate on the balance sheet date.
Reserves are posted at nominal value and are formed to cover legal and effective liabilities which originated in the past where it is probable that discharging the liabilities will result in an outflow of resources and a dependable estimate of the amount of the liability can be made.
Liabilities are always posted at the repayment amount. Sales are posted as proceeds at the time at which delivery is made or the service is rendered for the customer as per IAS Section 18 (revised 1993). Proceeds from sales are reported without value added tax and following the deduction of any discounts which may have been granted. In compliance with the “liability method” as prescribed in IAS Section 12 (rev. 2000), deferred taxes are posted to temporary differences between the tax balance sheet and the group financial statements. Deferred taxes on valuation adjustments are quantified using the national tax rates for the individual group companies.

FIG. 4

OTHER OPERATING EXPENDITURE in KEUR

	2001	2000
Selling costs	11,217	10,591
Administration costs	10,149	8,198
Other	548	177
	21,914	**18,966**

FIG. 5

TAXES ON INCOME in KEUR

	2001	2000
Current taxes	-165	1,714
Deferred taxes	-3,649	-39
	-3,814	**1,675**

Deferred tax claims and deferred tax liabilities are calculated on the basis of the laws and directives in force on the balance-sheet date. An asset item for tax-relevant losses carried forward is capitalized only to the extent that future taxable income are expected to be available for offsetting.

E. PROFIT AND LOSS STATEMENT

The profit and loss statement is prepared in accordance with the total cost type of accounting.

1. Sales

Sales are broken down by corporate divisions and geographic regions and are reviewed in the segment report in note H. The reported sales are the result of ordinary business activity.

2. Other operating income

Other income include substantially rent revenues, income from the release of reserves and compensation for insured damage.

3. Materials

These are expenses for purchased goods and services.

4. Personnel costs

The figures reported primarily include salaries, voluntary fringe benefits, allocations to vacation reserves, profit sharing and Executive Board emoluments as well as social security payments and expenditures for post-retirement pensions. On average 818 employees (PY: 870) were employed over the year.

FIG. 6

DEFERRED TAXES in KEUR

	2001	2000
IAS adjustments		
Write-back of depreciation	0	107
Write-back of general provisions	-12	-22
Foreign currency items valued on reference date	6	-23
Differences between national commercial	237	
and tax accounts		-43
Tax rate change	0	-7
Prepaid taxes on loss carried forward	-3,880	-71
Warranty reserve	0	20
	-3,649	**-39**

FIG. 7

ACCUMULATION RATE in %

Trade tax levied at 444.69 %	18.18
Corporation tax (25 % of profit after trade tax)	20.46
Solidarity surcharge (5.5 % of corporation tax)	1.13
Tax rate	**39.77**

5. Depreciation on intangible assets and fixed assets

The breakdown of the depreciation results from the changes in capital assets, shown in Notes F1 to F3.

6. Other operating expenses FIG. 4

7. Other interest and similar income

Those are exclusively interest returns on deposits with banks and financial institutions.

8. Interest and similar charges

The interest charges result from drawing on credit lines and guarantees.

9. Taxes on income

The proceeds (PY: expenses) from taxes on income are as follows: refer to FIG. 5

There are tax effects of € 2.5 million from the positions resulting from restructuring in the current period and from discontinued operations (income from the valuation of the loss carried forward) (IAS Section 12 Paragraph 81b, IAS Section 12 Paragraph 81h).

The proceeds from deferred taxes are: Refer to FIG. 6

The capitalized deferred taxes on losses carried forward relate to the CENIT AG Systemhaus, CENIT (Schweiz) AG, Frauenfeld, Switzerland and Spring Technologies S.A., Montreuil, France.

Deferred taxes on valuation adjustments were determined using the applicable national tax rates (Germany 39.77 %, Switzerland 23.30 %, France 35 %), in consideration of appropriate valuation adjustments. As regards the changes in deferred taxes, reference is made to Notes F4 and F13.

The anticipated tax burden on the results reported for tax purposes (accumulation rate) is 39.77% on the balance sheet date of December 31, 2001, and is calculated as follows: Refer to FIG. 7

Due to the negative tax assessment basis there were no differences between actual and calculated tax expenses as per IAS Section 12 Paragraph 81.

FIG. 8

EXPENSES FROM RESTRUCTURING in KEUR

	2001
Expenses	
From deconsolidation	1,981
Goodwill writedown	1,197
Reduction in intangible assets	2,043
Assumption of liabilities deconsolidated companies	3,116
Other restructuring expenses	334
Expenses from restructuring	**8,671**

10. Other taxes
This item refers to motor vehicle tax.

12. Result from restructuring
As a result of the dramatic slump in the international IT market in the 2001 financial year, the CENIT Group saw its continuation as an ongoing concern placed in jeopardy. To secure the continuation of the CENIT Group as a going concern, the Group disposed of the most strongly impacted subsidiaries and companies in the 2001 financial year. The comprehensive package of measures which resulted in restructuring charges of € 8.7 million contained: refer to FIG. 8

13. Minorities
In the context of preparing the group financial statements for the 2001 financial year, a fundamental error regarding the posting of minorities in the meaning of IAS Section 8 Paragraph 31 was determined. The loss to be ascribed to minorities is to be offset against group shareholders' equity if it exceeds the pro rata shareholders' equity (IAS Section 27 Paragraph 27). This was taken account of in the 2001 Group financial statements. The previous year was adjusted accordingly (IAS Section 8 Paragraph 31 and 37). In 2001 the adjustment to be made is K€ –74 (PY: K€ –50).

14. Earnings per share
In 2001 the number of shares remained unchanged at 4,183,879. To calculate earnings per share, the number of shares held by the company, 14,637 was subtracted from this figure. The weighted average of the ordinary shares was 4,169,242. The consolidated result was € –13,674,263.70, the figure which flows into the calculation as numerator.

According to IAS 33 Par. 49 a result of € –3.28 is produced according to IAS 33 Par. 49, on both a diluted and undiluted basis. The company has issued convertible bonds to employees amounting to € 81,900.00. When issuing convertible bonds the bearer has the right to swap the convertible bonds wholly or partly into CENIT shares. Each € 100.00 nominal amount of convertible bonds entitles the holder to 100 CENIT bearer shares. However as neither the performance criteria not the holding periods apply, there is

FIG. 9

INTANGIBLE ASSETS in KEUR

	*)	Goodwill	Total
Acquisition/production cost			
Status 01.01.2001	4,270	26,017	30,287
Additions	1,068	0	1,068
Disposals	3,386	18,307	21,693
Status 31.12.2001	**1,952**	**7,710**	**9,662**
Cumulative depreciation			
Status 01.01.2001	785	1,167	1,952
Additions	1,470	872	2,342
Depreciation after restructuring	0	1,197	1,197
Disposals	693	1,236	1,929
Status 31.12.2001	**1,562**	**2,000**	**3,562**
Book values	**390**	**5,710**	**6,100**

*) Licenses, trademarks, patents, licenses and similar rights and licenses to such rights

no dilution to be considered. The subscription rights granted in connection with the acquisition of all companies incorporated under Canadian law under the business names Lemire & Habrich Consultants Inc and Solid Xperts, both with registered office is St. Laurent (Canada) do not have a dilutive impact as the rights became null and void with the reversal of the contact.

F. BALANCE SHEET

The disposals in the positions of the schedule of fixed assets include disposals from the deconsolidation of subsidiary companies.

1. Intangible assets

Reported here are franchises, industrial property rights and similar rights and assets, including licenses to such rights and assets: Refer to FIG. 9

2. Fixed assets

Refer to FIG. 10

3. Financial assets

Reported here are other loans granted. Refer to FIG. 11
Additions to the investments arose from granting other loans.

4. Deferred taxes (assets)

Movements in deferred tax (assets) are as follows: Refer to FIG. 12
Movements in deferred tax (assets) comprise the following: Refer to FIG. 13
There was no offsetting of deferred taxes (assets and liabilities).

FIG. 10

FIXED ASSETS in KEUR

	*)	Technical equipment and machinery	Operational and office equipment	Total
Acquisition/production cost				
Status 01.01.2001	1,062	8,487	1,998	11,547
Currency translation difference	-2	4	4	6
Additions	242	1,007	1,225	2,474
Disposals	530	1,261	567	2,358
Status 31.12.2001	**772**	**8,237**	**2,660**	**11,669**
Cumulative depreciation				
Status 01.01.2001	311	5,195	775	6,281
Additions	114	1,719	788	2,621
Disposals	19	471	22	512
Status 31.12.2001	**406**	**6,443**	**1,541**	**8,390**
Residual book value	**366**	**1,794**	**1,119**	**3,279**

*) Land and buildings including buildings on property owned by others

FIG. 11

FINANCIAL ASSETS in KEUR

Acquisition/production cost	
Status 01.01.2001	172
Additions	9
Status 31.12.2001	**181**

FIG. 12

PREPAID TAXES in KEUR

Status on 01.01.2001	500
Additions	3,880
Disposals	301
Status on 31.12.2001	**4,079**

FIG. 13

PREPAID TAXES (ASSETS) in KEUR

	31.12.2001	31.12.2000
Foreign currency positions	0	6
Loss carried forward	4,028	196
Fixed assets	0	58
Liabilities	0	147
Pension provisions	51	93
	4,079	**500**

FIG. 14

INVENTORIES in KEUR

	31.12.2001	31.12.2000
Products purchased for resale	1,650	4,171
Advances paid	0	1,136
Work in progress	1,220	42
	2,870	**5,349**

FIG. 15

OTHER RECEIVABLES in KEUR

	31.12.2001	31.12.2000
Tax prepayments	1,777	1,445
Credits	43	203
Suppliers with debit balances	205	13
Other	222	224
	2,247	**1,885**

5. Inventories

Refer to FIG. 14

6. Trade receivables

Receivables in foreign currencies are converted as per IAS rules at the rate applicable on the date for the transaction and later, as per IAS Section 21, at the rate prevailing on the balance sheet date. The amount of the difference is posted so as to be reflected in the expenses.

7. Other receivables

The other receivables are composed as follows: Refer to FIG. 15

8. Cash assets

Changes in liquid assets, which form the financial facilities as per IAS Section 7, are shown in the cash flow statement in Annex 3. Refer to FIG. 16

9. Accruals and deferrals

These are accruals and deferrals for usufructuary rights, motor vehicle insurance policies, disagio, final leasing installments and the like.

10. Equity capital

The Company's nominal capitalization is € 4,183,879. It is divided into 4,183,879 bearer shares.

Authorized Capital I

The authorization in Section 5 Para. 3 of the articles of association to increase the capital stock once or several times by a maximum amount of in total € 200,000 up to July 1, 2004, with approval by the Advisory Board (authorized capital I) has been revoked.

FIG. 16

LIQUID FUNDS in KEUR

	31.12.2001	31.12.2000
Deposits in banks	3,568	2,348
Cash	3	7
Securities	3	3
	3,574	**2,358**

With approval from the Supervisory Board, the Board of Management is authorized to increase the Company's capital stock up to July 1, 2005, once or several times, by an amount up to a maximum of € 400,000 by issuing new individual bearer shares (ordinary shares) against contributions in cash or in kind (Authorized Capital I).
The shareholders are to be granted a subscription right. However, the Board of Management is authorized to exclude residual amounts from shareholder subscription rights. Moreover, with approval by the Supervisory Board, the Board of Management is authorized to have a bank acquire the new shares with the obligation of offering them to shareholders via indirect subscription rights. Furthermore, the Board of Management is authorized to determine further details on capital increases with the approval of the Supervisory Board.

Authorized Capital II
With approval from the Supervisory Board, the Board of Management is authorized to increase the capital stock once or several times by a maximum amount of in total € 600,000 up to July 1, 2004, by issuing new bearer shares (ordinary shares) against contributions in cash or kind (authorized capital II). With approval of the Supervisory Board the Board of Management is authorized to exclude the legal subscription right of shareholders for the purpose of acquiring companies or participations in companies. Companies or participations in companies may only be acquired if the object of the target company is essentially within the scope of the company's object according to Section 2, Paragraph 1 of the Articles of Association.

With approval from the Supervisory Board, the Board of Management increased the capital stock by € 27,200 on April 10, 2000, drawing on the Authorized Capital II.

With approval from the Supervisory Board, the Board of Management increased the capital stock by € 156,679 on April 13, 2000, drawing on the Authorized Capital II.

FIG. 17

CONTINGENT CAPITAL

		Shares	EUR
1.	Conditional capital		
	Convertible debenture	120,000	120,000.00
2.	Convertible bonds		
	Employee shareholder program	40,000	40,000.00
		160,000	**160,000.00**

Subsequent to these capital increases, the Authorized Capital II totals € 416,121.

Authorized Capital III

With approval from the Supervisory Board, the Board of Management is authorized to increase the capital stock once or several times by a maximum amount of in total € 400,000 up to July 1, 2005 by issuing new bearer shares (ordinary shares) against contributions in cash or kind (authorized capital III). With approval of the Supervisory Board, the Board of Management is authorized to exclude the legal subscription right of shareholders for the purpose of acquiring companies or participations in companies. Companies or participations in companies may only be acquired if the object of the target company is essentially within the scope of the company's object according to Section 2, Para.1, of the Articles of Association. Insofar as the authorization for exclusion of subscription rights is not exercised, the Board of Management may exclude residual amounts from the shareholder legal subscription rights. With approval from the Supervisory Board, the Board of Management is authorized to determine further details on capital increases.

Contingent capital

The contingent capital comprises the following: Refer to FIG. 17

The capital stock is conditionally increased by a maximum amount of € 120,000 by issuing up to 120,000 bearer shares (ordinary shares) (contingent capital). The contingent capital increase serves to grant conversion rights to the holders of convertible bonds issued in accordance with the authorization by the Annual General Meeting on July 14, 2000. The convertible bonds may only be offered to a group of CENIT Group employees, consisting of employees of CENIT Aktiengesellschaft Systemhaus (group 1), executives of Group companies (group 2) and employees of Group companies (group 3). A total of up to 95.75 % of the convertible bonds may be issued to group 1, up to 1.25 % to group 2, and up to 3.0 % to group 3.

The conversion right may at the earliest be exercised 2 years after the convertible bonds have been issued.

FIG. 18
CONVERTIBLE BONDS

	Shares
Status on 01.01.2001	9,770
Return	1,580
Status on 31.12.2001	**8,190**

The conversion right can moreover only be exercised if one of the following criteria is fulfilled:

- The average closing share price of the ordinary shares on the Frankfurt securities market on the five last trading days before the conversion period, adjusted for possible capital measures taken by the company amounts to at least 135 percent of CENIT Aktiengesellschaft Systemhaus stock price on the day of Board of Management decision to issue the convertible bond.
- The performance of the CENIT share price, adjusted for possible dividend payments, subscription rights and other special rights between issue of the convertible bond and exercise of conversion rights is at least 15% higher than the development of the German Neuer Markt over the same period of time.
- The closing share price on the day of the Board of Management resolution is authoritative for the value of the CENIT share at the time the convertible bond is issued. The authoritative share price for the issued convertible bond is € 46.00.

The number of convertible bonds developed in the reporting years as follows: refer to FIG. 18

According to the resolution of the Annual General Meeting on May 31, 2000, the company has conditionally increased its capital stock by up to € 40,000 by issuing up to 40,000 bearer shares (ordinary shares).

The contingent capital increase exclusively serves to grant the rights to holders of subscription rights, which the company issues until May 1, 2004 in accordance with the authorization of the Board of Management to grant share options within the framework of the employee participation program for executives.

The shareholders entitled to subscribe and the issuing price are stated in the afore-mentioned authorization. The contingent capital increase is only to be carried out insofar as the holders of the issued subscription rights exercise their rights.

The Board of Management is authorized to determine further details on contingent capital increases and their implementation with approval by the Supervisory Board.

According to the resolution of the Annual General Meeting on May 31, 2000, the company has made an contingent increase of its capital stock by up to € 355,520 by issuing up to 355,520 bearer shares (ordinary shares). The contingent capital increase exclusively serves to grant subscription rights in connection with the acquisition of all shares in the companies incorporated under Canadian law under the business names “Lemire & Habrich Consultants Inc.” and “Solid Xperts Inc.” with registered office in St. Laurent (Canada). The subscription rights are issued in exchange for contributions in kind. All shares in the companies incorporated under Canadian law under the business names Lemire & Habrich Consultants Inc. and Solid Xperts Inc. are to be directly or indirectly transferred to the company as contributions in kind. In connection with returning the acquired participations in Canada, the holders of subscription rights renounce their remaining subscription rights.

The capital reserve contains the amount generated in issuing CENIT shares exceeding the nominal amount. The currency reserve contains the differential amounts from the translation of the annual financial statements of the subsidiary companies; this does not impact the statement of earnings. The transfer to the earnings reserves was made from 2000 unappropriated retained income. For the development of shareholders’ equity, refer to the Equity Schedule in Annex 4.

11. Convertible bonds

The convertible bond issued bond CEBIT with a total nominal amount of € 81,900 is divided into 8,190 equal bearer shares each with a nominal value of € 10. Between the period September 6, 1999 and September 5, 2004. The convertible bonds are interest-bearing with an annual interest rate of 2%. After a qualifying period of two years, a conversion can take place in tranches.

In line with IAS 32 Para. 18ff the convertible bond has been divided into shareholders’ equity and liabilities. Pursuant to IAS 32 Para. 28 the shareholders’ equity portion has been calculated as a residual value after the book value of the liabilities has been calculated using the discounting method. Interest at a level of 5.2% for comparable instruments has been used as the calculation basis. The share of the convertible bond booked as liability has a remaining term of more than one year.

FIG. 19

ACCRUALS in KEUR

	2001	2000
Accruals for pensions (long-term)	154	279
Accrued taxes	0	465
Other accruals	4,356	3,214
	4,510	**3,958**

FIG. 21

OTHER ACCRUALS in KEUR

Status January 1, 2001	3,214
Utilization	3,206
Dissolution	8
Allocation	4,356
Status December 31, 2001	**4,356**

FIG. 20

ACCRUED TAXES in KEUR

Status January 1, 2002	465
Utilization	465
Allocation	0
Status December 31, 2001	**0**

FIG. 22

DEFERRED TAXES in KEUR

Status January 1, 2001	232
Increase	1
Decrease	71
Status December 31, 2001	**162**

FIG. 23

DEFFERRED TAXES in KEUR

	31.12.2001	31.12.2000
General bad debt provision	35	46
Provisions for guarantees	20	20
Depreciation of treasury stock	107	107
Fixed assets	0	59
	162	**232**

FIG. 24

AMOUNTS DUE TO BANKS in KEUR

	31.12.2001	31.12.2000
Amounts due to banks (short-term)		
With a remaining term of less than one year	12,936	13,364
Amounts due to banks (long-term)		
Remaining term 2-5 years	383	383
Remaining term over 5 years	48	144
	13,368	**13,891**

FIG. 25

OTHER LIABILITES in KEUR

	31.12.2001	31.12.2000
Liabilities from taxes	2,744	2,205
Social security liabilities	1,079	717
Loan	0	1,059
Others	185	1,553
	4,008	**5,534**

12. Accruals

Refer to FIG. 19

Accrued taxes have developed as follows: refer to FIG. 20

Other accruals cover all identifiable obligations towards third parties according to IAS s. 37. They consist for the most part of obligations for holiday and bonus claims for employees (€ 2.4 million), expenses for the Annual General Meeting of shareholders, consultation costs (€ 0.3 million) and accruals for outstanding invoices (€ 1.4 million). They are set at the sum of the probable amount. Other accruals have developed as follows: refer to FIG. 21

13. Deferred taxes

The deferred taxes have developed as follows: refer to FIG. 22

The calculation of figures and the differences between the results of the tax and trading balance sheets and the adjustment to the trading balance sheets of IAS of the consolidated companies resulted in deferred taxes in the following positions totaling: refer to FIG. 23

For the calculation the local tax rates were used.

14. Short and long term amounts due to banks

Amounts due to banks break down as follows: refer to FIG. 24

15. Trade payables

Trade payables relate exclusively to other companies.

For trade payables the normal rights of retention to the companies supplied apply.

16. Other liabilities

Other liabilities are composed as follows: refer to FIG. 25

G. FUNDS FLOW STATEMENT

The funds flow statement shows how the cash and cash equivalents have increased during the reporting year as a result of inflow and outflow of funds. In accordance with IAS 7, a distinction is made between payment flows from operating, investing and financing activities.

As inflow and outflow of funds from operating activities, the sales activity from which the cash flow is generated is reported. Investment in tangible assets and financial assets are included in the outflow of funds from investment activities.

The cash and cash equivalents are composed in line with the balance of liquid funds and cash equivalents posted in the balance sheet as at the balance sheet date.

H. SEGMENT REPORTING

The activities of CENIT AG in the 2001 financial year comprise the business segments E-Business and E-Engineering. Furthermore, a distinction is made according to geographical aspects.
Due to the reorganization at the beginning of 2001 to just two business segments, the data as at 2000 was adapted to the present structure.

The discontinuing operations comprise the deconsolidated companies in the UK and North America.

The result through restructuring is composed of expenditure of the deconsolidated companies and depreciation due to the discontinuation of the Electronic Commerce division. The segment has been prepared in accordance with the guidelines in line with IAS 14 (revised 1997). FIG. 26 FIG. 27

FIG. 26

SEGMENT REPORT

in KEUR		E-Business (EB)	E-Engineering (EE)	not assigned	Consoli-dation	Continuing Operations	Discontinuing Operat. EB	Discontinuing Operat. EE	Group
BY SEGMENT									
Intercompany sales	2001	535	993	0	-1,939	-411	28	383	0
	2000	0	692	0	-898	-206	0	206	0
External net sales	2001	33,621	71,774	0	0	105,395	373	13,122	118,890
	2000	34,915	71,065	0	0	105,980	0	12,567	118,547
EBIT	2001	-1,765	-1,723	0	-797	-4,285	-259	-3,291	-7,835
	2000	1,146	2,459	0	-1,123	2,482	0	-1,144	1,338
Restructuring costs	2001	-2,399	-5,228	0	-1,044	-8,671	0	0	-8,671
	2000	0	0	0	0	0	0	0	0
Segment assets	2001	9,592	31,188	5.745	-997	45,528	0	0	45,528
	2000	23,089	54,976	4.314	-8,580	73,799	0	7,706	81,505
Segment liabilities	2001	4,445	14,866	13.440	-2,930	29,821	0	0	29,821
	2000	5,174	16,562	13.891	-1,698	33,929	0	5,289	39,218
Capital Expenditure	2001	716	2,588	0	0	3,304	13	225	3,542
	2000	1,937	4,380	0	0	6,317	0	1,699	8,016
Depreciation	2001	1,219	2,531	0	523	4,273	10	680	4,963
	2000	787	1,507	0	925	3,219	0	596	3,815

FIG. 27

SEGMENT REPORT

in KEUR		Germany	Switzerland	France	not assigned	Consoli-dation	Continuing Operations	Discontinuing Operations	Group
BY REGION									
Intercompany sales	2001	771	475	282	0	-1,939	-411	411	0
	2000	484	134	74	0	-898	-206	206	0
External net sales	2001	86,570	2,244	16,548	33	0	105,395	13,495	118,890
	2000	91,754	1,495	12,731	0	0	105,980	12,567	118,547
Segment assets	2001	38,096	1,393	6,624	205	-790	45,528	0	45,528
	2000	72,958	1,094	7,084	0	-8,362	72,774	8,731	81,505
Capital Expenditure	2001	1,982	40	1,282	0	0	3,304	238	3,542
	2000	5,246	329	742	0	0	6,317	1,699	8,016

FIG. 28

PROFIT AND LOSS ACCOUNT in KEUR

	UK		North Amerika		Total	
	2001	2000	2001	2000	2001	2000
Sales income	**3,504**	**3,454**	**9,991**	**9,113**	**13,495**	**12,567**
Other operating income	0	10	445	222	445	232
Materials	1,562	1,426	2,836	2,180	4,398	3,606
Personnel costs	1,815	2,106	6,413	4,154	8,228	6,260
Depreciation on intangible assets and tangible assets	159	157	531	439	690	596
Other operating expenditure	1,083	1,374	3,091	2,107	4,174	3,481
Operating result	**-1,115**	**-1,599**	**-2,435**	**455**	**-3,550**	**-1,144**
Financial result	**-1**	**0**	**-222**	**-185**	**-223**	**-185**
Pre-tax result of ordinary business activity	**-1,116**	**-1,599**	**-2,657**	**270**	**-3,773**	**-1,329**

I. Discontinuing operations

Through an agreement dated November 29, 2001, all shares in CENIT Limited, Altrincham, UK, and in Desktop Engineering Limited, Oxford, UK, which holds a stake in Desktop Engineering Services Limited, Oxford, UK, were sold to the former owner and director.

The resettlement of the shares of Lemire & Habrich Consultants, Montreal, Canada and of Solid Xperts Inc., Montreal, Canada acquired by Alex Habrich and Susie Gow was completed with the conclusion of the agreement on December 21, 2001.

In the context of the preparation of the 2001 consolidated annual financial statements, these subsidiaries were deconsolidated at the time of disposal and resettlement. Due to the restructuring of the Group, the geographical segments in the UK and North America were discontinued, the resultant discontinuing operations were calculated in line with IAS 35 and posted in the balance sheet and P&L account as at December 31, 2001. In detail, the amounts have been calculated in line with IAS 35 Para. 27 as follows:

1. Balance sheet as at December 31, 2001 FIG. 29

2. Statement of earnings FIG. 28

The loss resulting from the deconsolidation as per IAS 35 Para. 31 amounts to K€ 1,981, of which K€ 1,485 stems from subsidiaries in the UK and K€ 496 from subsidiaries in Canada.

Due to incomplete information, the discontinuing operations were not posted in the consolidated funds flow statement.

FIG. 29

BALANCE AS OF DEZEMBER 31, 2001 in KEUR

	UK		North Amerika		Total	
	31.12.2001	31.12.2000	31.12.2001	31.12.2000	31.12.2001	31.12.2000
Fixed assets	0	1,424	0	1,382	0	2,806
Current assets	0	1,312	0	4,613	0	5,925
Assets	**0**	**2,736**	**0**	**5,995**	**0**	**8,731**
Accruals	0	108	0	0	0	108
Liabilities	0	831	0	5,845	0	6,676
debts	**0**	**939**	**0**	**5,845**	**0**	**6,784**

FIG. 30

OTHER FINANCIAL LIABILITIES in KEUR

Rent and leasing liabilities	
Remaining term of up to 2 years	4,425
Remaining term of 5 years	9,722
Remaining term of more than 5 years	7,093
	21,240

OTHER INFORMATION

1. Contingent debts and other financial obligations

As of the balance sheet date, there were no contingent debts to be noted in the balance sheet or specified in the appendix. The Company has other financial obligations relating to rent and leasing agreements. The financial obligations arising from these agreements are detailed in the description below, see FIG. 30

The other financial obligations consist primarily of € 17 million from the rent agreements for the office premises rented in Germany.

2. Other figures in accordance with § 292a of the German Commercial Code

Contrary to the lowest value principle prescribed in the German Commercial Code for receivables and the highest value principle for liabilities in foreign currencies, such liabilities are translated at the exchange rate as per the balance sheet date in this balance sheet. Corresponding profits and losses are treated as positions impacting net income.
Lump-sum value adjustments on trade receivables in line with the German Commercial Code have been liquidated and added to the net income, as a lump-sum value adjustment is not permitted in addition to the individual value adjustments already described.

The provisions for guarantees formed in accordance with the German Commercial Code have been liquidated and added to the net income, as they were formed on the basis of a lump-sum calculation. Contrary to specifications in the German Commercial Code, the own shares acquired by the Company were deducted from the equity. The acquisition of own shares was described as a change in equity (SIC 16).

In addition, contrary to specifications in the German Commercial Code, claims from future utilization of tax loss carry-forwards have been posted as assets and treated as positions impacting net income. This produced a net income of K€ 3,880.

3. Relations with related companies and persons

Relations with related parties have been established with members of the Supervisory Board and companies in which members of the Supervisory Board are employed, and with a former member of the Board of Directors acting as an consultant. This led to consultancy expenses of K€ 231 in the 2001 financial year. Business relations are developed under standard market conditions.

4. Information on the Supervisory Board and Board of Directors

The following persons are members of the Company's Supervisory Board:
Dr. jur. Axel Sigle (lawyer), Stuttgart (*Chairman)*,
Vice Chairman of the Supervisory Board of Funk-Oase Communications AG, Ellhofen/Weinsberg
Dipl.-Kfm. Hubert Leypoldt, chartered accountant/tax advisor, Dettingen/Erms, *Vice Chairman*
Dr. rer. pol. Dirk Lippold, Managing Director, Friolzheim

The following persons are, or were members during the reporting year of the Company's Board of Directors:
Dipl.-Ing. Falk Engelmann, Leinfelden-Echterdingen (finance, organization, e-engineering)
Dipl.-Ing. F. H. Norbert Fink, Metzingen (personnel) left on May 31, 2001
Dipl.-Ing. Hubertus Manthey, Pliezhausen (personnel, marketing, Investor Relations)
Dipl.-Ing. Andreas Schmidt, Ebersbach (e-business)
Dipl.-Kfm. Heiko Büttner, Gäufelden (finance) from June 1, 2001 to June 30, 2001

In the reporting year, the remuneration of the Board of Directors amounted to € 914,521.00, of which the Directors who retired in 2001 received € 122,233.00. The Supervisory Board received remuneration of € 67,500.00 for its activities.

As at the balance sheet date, the Board of Directors held 1,108,704 shares, 26.5 % of the equity of the Company. Members of the Supervisory board hold 800 shares in the equity of the Company.

Stuttgart, March 11, 2002
CENIT Aktiengesellschaft Systemhaus
The Board of Directors

A. Schmidt F. Engelmann H. Manthey

AUDIT CERTIFICATE

The following presents the audit certificate issued by the auditors on the annual financial statements and the group management report:
"We have audited the annual consolidated financial statements prepared by CENIT Aktiengesellschaft Systemhaus, Stuttgart, consisting of balance sheet, income statement notes, cash flow statement, statement of movement in shareholder's equity and the notes, for the financial year from January 1, 2001 to December 31, 2001. The preparation and contents of the consolidated financial statements are the responsibility of the Company's Executive Board. Our responsibility, based on our audit, is to assess whether the consolidated financial statements are in line with the International Accounting Standards (IAS).

We conducted our audit of the consolidated financial statements according to German audit regulations pursuant to the generally accepted German standards for the audit of financial statements as established by the Institute of Sworn Public auditors in Germany. These standards require that we plan and perform the audit to obtain reasonable assurance that consolidated financial statements are free from material misstatement. Knowledge of the business activities and the economic and legal environment of the Company and the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system relating to the accounting system and the evidence supporting the disclosures in the books and records, the annual and consolidated financial statements are examined on a test basis. The audit includes assessing the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual and consolidated financial statements. We believe that our audit provides reasonable basis for our opinion. In our opinion, the annual and consolidated financial statements give a true and fair view of the net assets, financial position and results of the operations of the Group, respectively in accordance with the IAS principles of proper accounting.

Our audit, which also extends to the Group management report prepared by the Executive Board for the 2001 financial year, has not lead to any reservations. In our opinion, on the whole the group management report provides a suitable understanding of the group's position and suitably presents the risks of future development. In addition we confirm that the consolidated financial statements and the group management report form the financial year from January 1, 2001 to December 31, 2001 satisfy the conditions required for the company's exemption from its obligation to prepare consolidated financial statements and the group management report in accordance with German law."

Stuttgart, March 11, 2002
Ernst & Young
Deutsche Allgemeine Treuhand AG
Wirtschaftsprüfungsgesellschaft

Benzinger	*Göhner*
Certified Public Accountant	*Certified Public Accountant*

BALANCE SHEET OF CENIT AKTIENGESELLSCHAFT SYSTEMHAUS (HGB)

for the period from 1 January to 31 December 2001

	31 Dec 2001	31 Dec 2000
ASSETS		
A. Fixed Assets	EUR	KEUR
I. Intangible Assets		
Franchises, trademarks, patents, licenses, and similar rights		
and licenses to such rights	287,547.16	3,460
II. Tangible Assets		
1. Buildings on third-party land	341,528.07	227
2. Technical equipment, plant and machinery	1,636,250.86	2,393
3. Other equipment, furniture and fixtures	480,916.05	202
	2,458,694.98	**6,282**
III. Financial Assets		
Investments in affiliated companies	**7,359,425.75**	**27,929**
B. Current Assets		
I. Inventories		
1. Work in process	911,988.56	0
2. Merchandise	1,135,939.69	3,641
3. Payments on account	0.00	1,136
	2,047,928.25	**4,777**
II. Receivables and Other Assets		
1. Trade accounts receivable	17,610,588.93	26,473
2. Receivables due from affiliated companies	1,601,313.07	2,380
3. Other assets	2,252,221.13	1,604
	21,464,123.13	**30,457**
III. Securities		
1. Own shares	45,374.70	241
2. Other securities	2,550.00	3
	47,924.70	**244**
IV. Cash on Hand, Cash in Banks and Checks	**3,188,645.50**	**1,150**
C. Prepaid expenses and dereffered charges	**42,462.02**	**738**
	36,896,751.49	**71,577**

	31 Dec 2001	31 Dec 2000
LIABILITIES AND SHAREHOLDERS' EQUITY		
A. Equity	EUR	KEUR
I. Subscribed Capital	4,183,879.00	4,184
Conditional capital of EUR 160,000 (prior year KEUR 516)		
II. Capital Reserves	23,349,597.07	23,350
III. Revenue Reserves		
1. Reserve for own shares	45,374.70	242
2. Other revenue reserves	3,869,196.20	2,769
	3,914,570.90	**30,545**
IV. Accumulated Deficit (prior year Net Profit)	-18,652,423.71	1,104
	12,795,623.26	**31,649**
B. Contributions made for implementing resolution to increase capital	**0.00**	**13,154**
C. Accruals		
Other accruals	**3,465.315.46**	**1,765**
D. Liabilities		
1. Liabilities due to banks	12,582,388.50	11,228
2. Trade accounts payable	5,121,589.38	10,789
3. Liabilities due to affiliated companies	26,268.00	18
4. Other liabilities	2,905,566.89	2,974
thereof for social security EUR 653,610.82 (prior year KEUR 668)		
thereof for tax: EUR 2.020,115.80 (prior year KEUR 2,008)		
	20,635,812.77	**25,009**
	36,896,751.49	**71,577**

INCOME STATEMENT OF CENIT AG SYSTEMHAUS (ACCORDING TO HGB)

for the period from January 1 to December 31, 2001

	2001		2000	
	EUR	EUR	KEUR	KEUR
1. Sales		87,320,915.62		92,277
2. Increase (previous year: decrease)				
in work in progress		911,988.56		-17
		689,797.00		284
3. Other operating costs		88,922,701.18		92,544
4. Cost of material				
a) Cost of raw materials,	38,764,977.53		41,364	
supplies and trading stock	4,791,652.78		4,466	
b) Cost of purchased services				
5. Personnel expenses	26,700,666.72		23,533	
a) Salaries	3,999,083.85		3,876	
b) Social security, pension and other benefit costs				
6. Depreciation on intangible assets and tangible assets	3,389,143.03		2,132	
	14,671,965.28		13,933	
7. Other operating expenses				
		92,317,489.19		89,304
		106,242.72		240
8. Other interes and similar income among these from affiliated companies:				
EUR 96,143.46 (previous year kEUR 94)		2,196,135.80		312
9. Write-downs regarding financial assets and marketable securities		562,157.89		246
10. Interest and similar expenses				
among these from affiliated companies: EUR 0.00 (previous year KEUR 0)		**-6,046,838.98**		**2,922**
11. Result of ordinary operations				
	9,046.26		0	
12. Extraordinary income	12,695,197.91		0	
13. Extraordinary expenses		-12,686,151.65		
14. Extraordinary result				
	-206,038.35		1,545	
15. Taxes on income	129,537.34		42	
16. Other taxes		-76,501.01		
17. Net loss (previous year net profit)		**-18,656,489.62**		**1,335**
18. Profit carried forward		4,065.91		11
19. Allocation to reserves for own share		0.00		242
20. Accumulated deficit (previous year retained earnings)		**-18,652,423.71**		**1,104**

STATEMENT OF FIXED ASSET MOVEMENTS OF CENIT AG SYSTEMHAUS

for the period from January 1 to December 31, 2001

in EUR	At cost			
	Balance on 01.01.2001	Additions	Disposals	Balance on 31.12.2001
I. Intangible assets				
Franchises, trademarks, patents, licenses, and similar rights and licenses to such rights	4,243,867.16	253,981.90	3,386,286.09	1,111,562.97
II. Tangible assets				
1. Buildings on non-owned land	498,924.69	226,512.40	0.00	725,437.09
2. Technical equipment, plant and machinery	7,284,794.16	989,492.62	269,149.63	8,005,137.15
3. Other equipment, plant and office equipment	768,959.60	512,178.70	123,301.90	1,157,836.40
	8,552,678.45	**1,728,183.72**	**392,451.53**	**9,888,410.64**
III. Financial assets				
Shares in affiliated companies	27,965,369.48	1,962,265.58	16,530,105.71	13,397,529.35
	40,761,915.09	**3,944,431.20**	**20,308,843.33**	**24,397,502.96**

in EUR	Cumulative depreciation				Book values	
	Balance on 31.12.2001	Additions	Extraordinary deductions	Disposals	Balance on 31.12.2001	Balance on 31.12.2000
	783,586.42	1,383,849.30	0.00	1,343,419.91	824,015.81	287,547.16
	272,412.78	111,496.24	0.00	0.00	383,909.02	341,528.07
	4,891,933.92	1,663,335.78	0.00	186,383.41	6,368,886.29	1,636,250.86
	566,910.09	230,461.71	0.00	120,451.45	676,920.35	480,916.05
	5,731,256.79	**2,005,293.73**	**0.00**	**306,834.86**	**7,429,715.66**	**2,458,694.98**
	36,594.21	4,038,103.60	2,000,000.00	36,594.21	6,038,103.60	7,359,425.75
	6,551,437.42	**7,427,246.63**	**2,000,000.00**	**1,686,848.98**	**14,291,835.07**	**10,105,667.89**

CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, STUTTGART

NOTES FOR THE 2001 FINANCIAL YEAR

A. GENERAL

The financial statements as presented have been prepared in accordance with § 242 and subsequent sections and § 264 and subsequent sections of the German Commercial Code (HGB) as well as in accordance with the relevant provisions of the Stock Corporation Law (AktG). The Company is subject to the requirements for large corporations. The standards of the German Accounting Standards Committee DRSC, Berlin, have been taken into account insofar as they are relevant to the financial statements of the company.

B. ACCOUNTING AND VALUATION METHODS

The following accounting and valuation methods, which remained unchanged in comparison to the previous year, were used for preparing the financial statements.
Purchased intangible assets are capitalized at acquisition cost and, if they have a limited life, are depreciated by the ordinary straight-line method in accordance with their useful lives. Additions are depreciated on a pro rata temporis basis.
Tangible assets are for tax purposes compulsorily capitalized at acquisition or production cost and, if they have a limited life, are reduced by ordinary depreciation.

Depreciations are carried out according to the straight-line method on the basis of the useful life. Use was made of the tax relief provisions for movable asset additions. Assets of minor value were completely depreciated in the year of their addition in accordance with § 6 section 2 EStG [“Einkommenssteuergesetz”: German Income Tax Law]; their immediate retirement is assumed.
Asset retirements are recorded at the book value at the time of disposal.
Financial assets are recorded at acquisition cost or the lower estimated market value. Due to the general economic developments, the participation in the French subsidiary Spring Technologies S.A., Montreuil (France) was subject to a valuation adjustment of € 2 million.
Merchandise is generally valued at the average acquisition cost or the lower replacement price on the balance sheet date. Individual items have been depreciated because of long shelf life or lacking or limited possibilities of usage.

Receivables and other assets are stated at their nominal value. All foreseeable individual risks were taken into account for the valuation. The general credit risk is provided for by the unchanged general allowance for trade receivables of 0.5 percent.
Own shares and securities are valued at acquisition cost or the lower market value on the balance sheet date.

The discount of K € 16 included in the Prepaid expenses and deferred charges is depreciated according to the straight-line method over the fixed-interest period for the loan.
The accruals take into account all foreseeable risks and contingent liabilities and are recorded at the amounts which reasonable commercial judgment would suggest.
Liabilities are recorded at their repayment value.

Currency conversion

In order to determine the acquisition costs of affiliated companies, amounts in foreign currency were converted at the exchange rate of the first recording.
Receivables and liabilities in foreign currency are converted at the exchange rate applicable at the time they arose; in case the exchange rate on the balance sheet date is lower for receivables or higher for liabilities, they are valued at the exchange rate of the balance sheet date.

C. COMMENTS ON THE BALANCE SHEET AND THE INCOME STATEMENT

I. Balance Sheet

1. Fixed assets
The development of the fixed asset items is presented separately in the Roll-Forward of Fixed Assets.

2. Financial assets

The information on equity investments is shown in the appendix to the Notes. FIG. 31

According to the shareholders' resolution dated November 27, 2001, capital increases through contribution of property were carried out at CENIT Limited, Altrincham (U.K.), and at Desktop Engineering Limited, Oxford (U.K.), for which receivables worth € 1.9 million due to CENIT from the business year 2001 were used. According to an agreement dated November 29, 2001, all shares in CENIT Limited and in Desktop Engineering Limited – which themselves hold interest in Desktop Engineering Services Limited, Oxford (U.K.), and in Desktop Engineering Solutions Limited, Oxford (U.K.) – have been sold to the former owner and CEO. CENIT thereby separates itself from that group, which changed its corporate name to CENIT UK in 2001. A simultaneously concluded distribution agreement ensures the sale of CENIT products on the British market. After the separation, the company will continue its business under the corporate name CENIT UK. The disposal of the participations in the U.K. led to losses of € 3.2 million.

All shares in Spring Technologies S.A., Montreuil (France), – which itself holds all shares in CAD Ecole SGAO SARL, Montreuil (France), and in ADVANTIA SARL, now CENIT SARL, Montreuil (France) – that were purchased in 2000 have been depreciated to the lowest attributable value.

The extraordinary depreciation of € 2 million results from a changed assessment of the market development and the connected reduced earnings forecasts for the company.

With articles of incorporation dated May 16, 2000, CENIT has established CENIT SYSTEMHAUS HOLDING (CSH) INC., Montreal (Canada), and CENIT CANADA INVESTMENTS (CCI) INC., Montreal (Canada).

The company (referred to as N° 1 hereafter) holds direct or indirect participations in the following companies as of the balance sheet date.

Through Alex Habrich and Susie Gow, all shares in Lemire & Habrich Consultants, St. Laurent (Canada), and in Solid Xperts Inc., St. Laurent (Canada) were brought into CENIT CANADA INVESTMENTS (CCI) INC., Montreal (Canada), in exchange for shares granted.

CSH has purchased 5.000,000 class 1 shares of CCI at a purchase price of 5 million CAD. CSH holds all class 1 shares of CCI, which in turn holds all shares in Lemire & Habrich Consultants, St. Laurent (Canada), and in Solid Xperts Inc., St. Laurent (Canada).

According to the articles of incorporation dated May 16, 2000, CENIT has purchased all class 2 shares in CCI.

FIG. 31

HOLDINGS

NO.:	NAME AND DOMICILE	Currency	Holdings %	of	subscribed capital TLW	Equity capital TLW	Total TLW
2	CENIT (Switzerland) AG, Frauenfeld/Switzerland	CHF	90.00	1	500	-1,197	-333
3	Spring Technologies S.A., Montreuil/France	EUR	100.00	1	328	1,296	-155
4	CAD Ecole SGAO SARL, Montreuil/France	EUR	100.00	3	38	244	-43
5	CENIT SARL, Montreuil/France	EUR	100.00	3	38	113	3
6	CENIT SYSTEMHAUS HOLDING (CSH) INC., Montreal/Canada	CAD	100.00	1	5,000	0	-5,000
7	CENIT CANADA INVESTMENTS (CCI) INC., Montreal/Canada	CAD	92.58	6	7,613	200	-7,413
			7.42	1			
8	CENIT North America Inc., Detroit/USA	USA	100.00	1	25	31	6
9	CENIT Italy S.r.l., Modena/Italy	EUR	100.00	1	12	5	-7

The class 2 shares carry a proprietary right and a right to dividends, but no voting rights. In order to purchase the class 2 shares, conditional capital was used with approval by the advisory board and the issuing price of a subscription right fixed at € 37. The subscription right was not exercised.

The 5.000,000 class 1 shares in CCI purchased by CSH in 2000 at the purchase price of 5 million CAD have been completely depreciated.

The former sellers were not able to exercise their subscription right until the moment of reversal of the acquisition, as the sales and income targets detailed in the purchase agreement were not realized.

The agreement concluded on November 24 and December 21, 2001 executed the reversal of the acquisition of shares in Lemire & Habrich Consultants, St. Laurent (Canada) and in Solid Xperts Inc., St. Laurent (Canada), purchased by Alex Habrich and Susie Gow in 2000. The depreciation of fixed assets, participations and loans, and the liquidation costs for the former subgroup CENIT America amount to € 7.4 million.

CENIT CANADA INVESTMENTS (CCI) INC. and CSH continue to exist as a corporate shell until legal settlement has been completed.

3. Own shares

In the reporting year, 14,637 individual share certificates were still in the company's portfolio. In total this corresponds to a share in the equity capital of 0.35 percent. The own shares were valued at the price of the balance sheet date.

Management was authorized by the resolution of the shareholders' general meeting on May 31, 2000 to purchase own shares of the company once or several times until December 31, 2001 up to a total of 400,000 shares with approval by the advisory board. No use was made of this possibility.

The resolution of the shareholders' general meeting on June 20, 2001, revoked the authorization of May 31, 2000 and authorized management to purchase own shares of the company once or several times until November 30, 2002 up to a total of 400,000 shares with approval by the advisory board for the purpose of redeeming or reselling them. The possibility of reselling the shares is restricted to the stock market or an exchange for acquiring companies or participations.

The own shares have been depreciated to the lower attributable value according to the decrease in the market price.

4. Receivables and other assets
The receivables due from affiliated companies include an amount of € 1.57 million with remaining maturity of more than one year. The other assets include tax refund claims to the tune of € 1.77 million.

5. Prepaid expenses and deferred charges
This item includes a discount of K € 16 (prior year K € 19).

6. Equity

Capital stock
The company's capital amounts to € 4.183,879. It is divided into 4.183,879 individual shares. The shares are always made out to the shareholder.

Approved capital I
The authorization in § 5 section 3 of the corporate articles to increase the capital stock once or several times by a maximum amount of in total € 200,000 up to July, 1, 2004 with approval by the advisory board (approved capital I) has been revoked.

Management is, with approval by the advisory board, authorized to increase the capital stock once or several times by a maximum amount of in total € 400,000 up to July 1, 2005, by issuing new individual shares (ordinary shares) made out to shareholders in exchange for contributions in cash or property (approved capital I). The shareholders are to be offered a subscription right. Management is however authorized to exclude residual amounts from the shareholders' subscription rights. Moreover, management is, with approval by the advisory board, authorized to let a bank acquire the new shares under the obligation of offering them to shareholders via indirect subscription rights. Management is in addition authorized to determine further details on capital raises with approval by the advisory board.

Approved capital II

Management is, with approval by the advisory board, authorized to increase the capital stock once or several times by a maximum amount of in total € 600,000 up to July 1, 2004, (approved capital I) by issuing new individual shares (ordinary shares) made out to shareholders in exchange for contributions in cash or property (approved capital II). Management is authorized to exclude the legal subscription right of shareholders for the purpose of acquiring companies or participations in companies with approval by the advisory board; companies or participations in companies may only be acquired if the object of the target company is essentially within the scope of the company's object according to § 2 section 1 of the corporate articles.
Management increased the capital stock by € 27,200 on April 10, 2000, with approval by the advisory board, drawing on the approved capital II.

Management increased the capital stock by € 156,679 on April 13, 2000, with approval by the advisory board, drawing on the approved capital II.
Subsequent to these capital increases, the approved capital II amounts to € 416,121.

Approved capital III

Management is, with approval by the advisory board, authorized to increase the company's capital stock once or several times by a maximum amount of in total € 400,000 up to July 1, 2005, (approved capital I) by issuing new individual shares (ordinary shares) made out to shareholders in exchange for contributions in cash or property (approved capital III).

Management is authorized to exclude the legal subscription right of shareholders for the purpose of acquiring companies or participations in companies with approval by the advisory board; companies or participations in companies may only be acquired if the object of the target company is essentially within the scope of the company's object according to § 2 section 1 of the corporate articles. Insofar as the authorization for exclusion of subscription rights is not exercised, management may exclude residual amounts from the shareholders' legal subscription rights. Management is authorized to determine further details on capital raises with approval by the advisory board.

FIG. 32

INDIVIDUAL SHARES

	Shares	EUR
1. Conditional capital convertible bonds	120,000	120,000.00
2. Conditional capital employee participation program	40,000	40,000.00
	160,000	**160,000,00**

Conditional capital

The conditional capital contains the following items: FIG. 32

The capital stock is conditionally increased by a maximum amount of € 120,000 by issuing up to 120,000 individual shares (ordinary shares) made out to the shareholder (conditional capital). The conditional capital increase serves to grant conversion rights to the holders of convertible bonds issued in accordance with the authorization by the shareholders' general meeting on July 14, 2000. The convertible bonds may only be offered to a circle of CENIT Group employees, consisting of employees of CENIT Aktiengesellschaft Systemhaus (group 1), members of the management boards of Group companies (group 2) and employees of Group companies (group 3). A total of up to 95.75 % of the convertible bonds may be issued to group 1, up to 1.25 % to group 2, and up to 3.0 % to group 3.

The conversion right may at the earliest be exercised 2 years after the convertible bonds have been issued.

The conversion right can moreover only be exercised if one of the following criteria is fulfilled:

- The average closing share price of the ordinary shares on the Frankfurt securities market on the five last trading days before the conversion period, adjusted for possible capital measures taken by the company in the meantime, amounts to at least 135 percent of CENIT Aktiengesellschaft Systemhaus shares' market price on the day of management's decision to issue the convertible bond.
- The development of the CENIT share price, adjusted for possible dividend payments, subscription rights and other special rights having occurred in the meantime, between issue of the convertible bond and exercise of conversion rights is at least 15 % higher than the development of the German Neuer Markt [new market] venture index over the same period of time.
- The closing share price on the day of the management's resolution is authoritative for the value of the CENIT share at the time the convertible bond is issued. The authoritative share price for the issued convertible bond is € 46.

According to the resolution of the shareholders' general meeting on May 31, 2000, the company has conditionally raised its capital stock by up to € 40,000 by issuing up to 40,000 individual shares (ordinary shares) made out to the shareholder. The conditional capital increase exclusively serves to grant the rights to holders of subscription rights, which the company issues until May 1, 2004 in accordance with the authorization of management to grant share options within the framework of the employee participation program for executives. The shareholders entitled to subscribe and the issuing price are stated in the afore-mentioned authorization. The conditional capital increase is only to be carried out insofar as the holders of the issued subscription rights exercise their rights.

FIG. 33

CAPITAL RESERVES in EUR	
Status on 01.01.2001	
31.12.2001 unchanged	**23,349,597.07**

FIG. 34

RESERVES FOR OWN SHARES in EUR	
01.01.2001	241,510.50
Withdrawal due to depreciation	-196,135.80
31.12.2001	**45,374.70**

FIG. 35

OTHER REVENUE RESERVES in EUR	
01.01.2001	2,769,196.20
Withdrawal from unappropriated retained earnings 2000	1,100,000.00
31.12.2001	**3,869,196.20**

Management is authorized to determine further details on conditional capital increases and their implementation with approval by the advisory board.
According to the resolution of the shareholders' general meeting on May 31, 2000, the company has conditionally raised its capital stock by up to € 355,520 by issuing up to 355,520 individual shares (ordinary shares) made out to the shareholder. The conditional capital increase exclusively serves to grant subscription rights in connection with the acquisition of all shares in the companies incorporated under Canadian law under the business names "Lemire & Habrich Consultants Inc." and "Solid Xperts Inc." with registered office in St. Laurent (Canada). The subscription rights are issued in exchange for property contributions. All shares in the companies incorporated under Canadian law under the business names Lemire & Habrich Consultants Inc. and Solid Xperts Inc. are to be directly or indirectly transferred to the company as property contributions.
In connection with returning the acquired participations in Canada, the holders of subscription rights renounce their remaining subscription rights. The special account has therefore been offset against the acquisition costs of the participation in CCI with no effect on the results.

7. Capital reserves

FIG. 33

8. Revenue reserves FIG. 34

In contrast to the previous year, the withdrawal was recorded in the Other operating income with an effect on the results.
Other revenue reserves FIG. 35

9. Contributions made for implementing resolution to increase capital

In connection with the purchase of class 2 shares in CENIT SYSTEMHAUS HOLDING (CSH) INC., Montreal (Canada), management has with approval by the advisory board decided upon a capital increase drawing on the conditional capital. Sellers of class 2 shares did not exercise their subscription right in 2001. Within the context of the reversal of the acquisition of the subsidiaries in North America, this option has been cancelled.

FIG. 36

LIABILITIES in EUR

Remaining term of under 1 year	12,150,985.98
Remaining term of 1 to 5 years	383,468.90
Remaining term of over 5 years	47,933.62
	12,582,388.50

FIG. 37

OTHER LIABILITIES in EUR

	31.12.2001	31.12.2000
Tax liabilities	2,020,115.80	2,007,897.70
Social security liabilities	653,610.82	668,339.49
Remaining other liabilities	231,840.27	297,461.13
	2,905,566.89	**2,973,698.32**

10. Accruals

The other accruals mainly consist of accruals for the premiums bonus model (K€ 580), remaining vacation (K€ 718) and outstanding supplier invoices (K€ 1,487).

11. Liabilities

The remaining term of liabilities due to banks includes the following: FIG. 36
All other liabilities have a remaining term of less than one year.
For the trade accounts payable there is conventional retention of title to ownership of the supplied items.
The other liabilities include the following: FIG. 37

The convertible bonds issued on September 6, 2000, mature on September 5, 2004. The conversion right bound to a fixed performance will be carried out in three stages. Up to 30 % can be converted into individual shares from autumn 2001 to summer 2002, up to 60 % from autumn 2002 to summer 2003 and up to 100 % from autumn 2003 to summer 2004. The conversion right in autumn 2001 could not be exercised, as the required performance was not achieved. Disclosure is made under Other liabilities for the first time.

II. Income Statement

1. Sales revenue FIG. 38

97 % of the sales were effected within Germany, 1 % in EU countries and 2 % in other countries.

2. Other operating income

The other operating income includes income from insurance premium refunds and subsidies.

FIG. 38

SALES REVENUE

	2001 KEUR	2000 KEUR	Change KEUR	%
Services	37,044	40,855	-3,811	-9
Merchandise	35,485	36,972	-1,487	-4
Software	10,461	9,690	771	8
Commission	4,331	4,760	-429	-9
	87,321	**92,277**	**-4,956**	**-5**

3. Other operating expenses

The other operating expenses mainly comprise expenses for premises (€ 2.2 million), vehicle expenses (€ 3.4 million), travel expenses (€ 1.7 million) and marketing expenses (€ 3 million).

4. Financial results

The other interest and similar income refers to affiliated companies with € 96,143.46 (prior year K € 94). The write-down on financial assets concerns depreciations of € 2 million on the participation in Spring Technologies S.A., Montreuil (France).

5. Extraordinary expenses

Due to the unsatisfactory development of segments and foreign companies, management has decided on a comprehensive package of measures for restructuring and turning around the entire CENIT group. These measures essentially include the disposal of participations, the reversal of company acquisitions and canceling the group-wide e-commerce activities.

The extraordinary result includes the following: FIG. 39

D. OTHER INFORMATION

1. Personnel

An average of 526 (prior year 477) members of staff were employed during the business year, thereof 17 (prior year 7) trainees.

2. Contingent liabilities and other financial obligations

Obligations from rental and leasing agreements amount to € 19.8 million. For CENIT (Schweiz) AG, Switzerland, a subordination agreement concerning loan receivables of CHF 1.5 million has been signed. There is a blanket assignment for all receivables due from customers. The blanket assignment is held in trust by the BW-Bank for a security pool being set up.

FIG. 39

EXTRAORDINARY RESULT in KEUR

Income	
Waiver of claims by CENIT UK	9
Expenses	
Writedowns of financial assets	4,038
Disposal of financial assets	3,177
Loss of receivables due from affiliated companies	3,115
Disposal of intangible assets	2,043
Internal restructuring	322
	12,695
Extraordinary result	**-12,686**

3. Derivative financial instruments

The interest rate swap agreement with the Commerzbank was concluded in August 2001. The maturity is 2 years until August 29, 2003. The secured sum amounts to € 1.5 million.

4. Executive bodies of the company

Appointed members of the management board:
Dipl.-Ing. Falk Engelmann, Leinfelden-Echterdingen (Finance, Organization, e-engineering)
Dipl.-Ing. Hubertus Manthey, Pliezhausen, (Personnel, Marketing, Investor Relations)
Dipl.-Ing. Andreas Schmidt, Ebersbach, (e-business)
Dipl.-Ing. (FH) Norbert Fink, Metzingen, (Personnel) — retired on May 31, 2001
Dipl. Kfm. Heiko Büttner, Gäufelden, (Finance) — from June 1, 2001 to June 30, 2001

Members of the advisory board:
Dr. jur. Axel Sigle (lawyer), Stuttgart, (chairman)
Deputy chairman of the advisory board of
Funk-Oase Communications AG, Ellhofen/Weinsberg
Dipl.-Kfm. Hubert Leypoldt (qualified auditor, tax consultant), Dettingen/Erms (deputy chairman)
Dr. rer. pol. Dirk Lippold (CEO), Friolzheim

Remuneration of the members of the management board amounted to € 914,521 in the reporting year. The members who retired in 2001 received € 122,233 thereof. The advisory board received € 67,500 in remuneration.
A D & O insurance was taken out for members of the management board and of the advisory board as well as other executives in 2001. The company pays premiums for the members of the advisory board up to an annual amount of € 10,000.
On the balance sheet date, management held 1.108,704 shares, i.e. 26.5 % of the company's capital stock. Members of the advisory board held 800 shares.

E. LOSS ALLOCATION

The accumulated deficit is brought forward.

F. GROUP RELATIONSHIP

In accordance with § 292 a HGB, the company prepares exempting consolidated financial statements according to the International Accounting Standards (IAS).

Stuttgart, March 6, 2002
CENIT Aktiengesellschaft Systemhaus
Management

G. AUDIT OPINION

We have issued the following opinion on the financial statements and the company and group management report: "We have audited the annual financial statements, together with the bookkeeping system, and the company and group management report of CENIT Aktiengesellschaft Systemhaus, Stuttgart, for the business year from January 1 to December 31, 2001. The maintenance of the books and records and the preparation of the annual financial statements and company and group management report in accordance with German commercial law and supplementary provisions in the corporate articles are the responsibility of Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the company and group management report, based on our audit.

We have conducted our audit of the annual financial statements in accordance with § 317 HGB ["Handelsgesetzbuch": "German Commercial Code"] and the generally accepted German standards for the audit of financial statements promulgated by the IDW ["Institut der Wirtschaftsprüfer in Deutschland": "Institute of Public Auditors in Germany"]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the company and group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the company and group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. On the whole, the management report provides a suitable understanding of the Company's position and suitably presents the risks of future development."

Stuttgart, March 11, 2002
Ernst & Young
Deutsche Allgemeine Treuhand AG
Wirtschaftsprüfungsgesellschaft

Benzinger	*Göhner*
German Public Auditor	*German Public Auditor*

EXPLANATION TO OWNING SHARES AND THE PRE-EMPTIVE RIGHTS OF DIRECTORS AND OFFICERS AND EMPLOYEES ACCORDING TO § 160 ABS. 1 NR. 2 AND 5 AKTG

Directors and Officers of the company have no share pre-emptive rights. CENIT employees have pre-emptive rights on 168,788 convertible bonds according to the employee shares participation program.

DIRECTOR'S HOLDING (31 DECEMBER 2001)

Total number of Shares	4,183,879

Shares owned by the Executive Board

Falk Engelmann	Hubertus Manthey	Andreas Schmidt
332,396	379,712	398,596

Shares owned by the Supervisory Board

Dr. Axel Sigle	Dr. Dirk Lippold	Hubert Leypoldt
0	0	800

CHANGE OF MANAGEMENT AND SUPERVISORY BODY: *No changes.*

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