CENIT AG SYSTEMHAUS

FINANCIAL REPORT 2009

CONTENT


REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

During the 2009 business year, the Supervisory Board performed the duties to which it is bound by law and the Articles of Association. We supervised the administration of the Corporation and advised the Managing Board in its management of the enterprise. The Supervisory Board was involved in all decisions of fundamental importance to the enterprise. Within the scope of our supervisory and consulting duties, we received regular, prompt and comprehensive reports from the Managing Board, both oral and written. The Managing Board informed us as to the course of business and the economic and financial development of CENIT. Further focal points of reporting were the risk situation and risk management, compliance issues, as well as fundamental matters of enterprise strategy. On the basis of Managing Board reporting, the Supervisory Board sessions engaged in detailed discussions on business development, as well as on decisions and occurrences significant to the enterprise. In addition, we addressed the Managing Board's plans for the 2010 business year and medium-term plans, as well as deviations of the actual course of business from business planning. During intersessional periods, the Managing Board additionally informed the Supervisory Board by way of monthly reports on the most important business figures, and duly presented matters requiring Supervisory Board approval for decision-making. The reports by the Managing Board on the state of business and presentations on special topics were supplemented by written presentations and documents which were duly sent to each Supervisory Board member for preparation before the respective session.

During the previous year, the Supervisory Board met in five ordinary sessions and four telephone conferences to address in detail the economic situation, the continued strategic development and the long-term positioning of CENIT Group. All members of the Supervisory Board were in attendance at all of these meetings. By its own estimation, the Supervisory Board has a sufficient number of members, all of whom maintain no business or personal relations with the enterprise or members of the Managing Board, such as could constitute a conflict of interest. As during the previous year, the Supervisory Board did not consider it necessary to create committees due to the small number of Supervisory Board members. Conflicts of interest on the part of Supervisory Board members did not arise during the reporting period.

Matters addressed at the Meetings of the Supervisory Board

In all meetings held by the Supervisory Board during the 2009 reporting period, the Managing Board provided information on the development of sales and results within the Group. The Managing Board further illustrated the course of business in the individual business segments and reported on the financial situation. In this context, we directed particular focus to the potential consequences for the risk and liquidity situation. Together with the Managing Board, we also discussed evaluation matters and further actions required as a result of economic crisis.

Financial Reports/Audits

In the Annual Report Session of 6 March 2009, attended by the Auditor of Annual Accounts/Auditor of Group Annual Accounts, the Supervisory Board considered the CENIT Annual Report. The Annual Report of CENIT AG Systemhaus and the Group Annual Report for the 2008 business year, as prepared by the Managing Board, were audited by Ernst & Young AG, Stuttgart, who were selected as Annual Auditors at the ordinary annual shareholders' meeting on 30 May 2008. The accounting department assisted in the audit, which also referred to the status report and the Group status report. In detailed discussions with the Managing Board and the auditors, the Supervisory Board conducted a detailed review of both the submitted Annual Report and the Group Annual Report, and in this context also discussed the underlying balance-sheet policy.

In addition, the Supervisory Board reviewed the results of the annual audit on the basis of the auditor's reports and individual discussions. The Supervisory Board is satisfied that the audit and the auditors' reports fulfill the requirements of §§ 317, 321 HGB [Commercial Code]. The Annual Reports for 2008, prepared by the Managing Board, received unconditional certification by the auditor and were conclusively discussed at this session and during a telephone conference. The 2008 Annual Report of CENIT AG Systemhaus was adopted by the Supervisory Board on 16 March 2009, and the 2008 Group Annual Report was noted with approval. Upon review, the Supervisory Board concurred with the Managing Board's proposal regarding the appropriation of accumulated profits.

At the session of 6 March, as during the previous year, we directed special attention to matters of CENIT Group strategy. On the basis of a detailed presentation by the Managing Board, we addressed the strategic orientation of CENIT and its various business segments, discussing in particular detail the perspectives of the PLM and EIM market in Germany and internationally.

Further Topics Considered in Sessions and Telephone Conferences

Over the course of the year, the Supervisory Board was continually informed as to periodic financial results. The 2009 Semi-annual Report and the interim Quarterly Reports were discussed in detail with the Managing Board. These discussions focused particularly on results and sales projections for 2009.

At its ordinary session of 29 May 2009, the Supervisory Board addressed, inter alia, the course of business and developments at foreign subsidiaries and participations. In particular, consultations were held on the effects of the difficult economic environment on current business, as well as the countermeasures initiated by the Managing Board.

At its session of 6 August 2009, the Supervisory Board engaged in detailed discussions on the necessary measures to ensure profitability in times of difficult economic condition. A business-related review of the office premises in Stuttgart was also on the agenda. The lease of this office building will expire at the end of 2011, which offers options for reorientation.

At the session of 2 November 2009, the Supervisory Board discussed the course of business as well as further opportunities for improving profits.

CENIT planning for 2010 was the most important item on the agenda of the year's final ordinary session on 3 December 2009. In this context, the Supervisory Board undertook a very detailed review of the individual business segments against the background of the radically changing economic framework conditions.

Risk Management

An important topic discussed at several sessions was the Group's risk management. The Managing Board reported on major risks and on the corporation's risk monitoring system. Following many discussions with the Managing Board and the auditor, the Supervisory Board was satisfied of the effectiveness of the risk management systems in place.

Corporate Governance

On an ongoing basis, the Supervisory Board discussed individual aspects of corporate governance within CENIT Group, such as the amendments to the German Corporate Governance Code adopted by the Government Commission. Following detailed consultations, the Supervisory Board decided to implement these amendments. We are of the conviction that good corporate governance is a core aspect of CENIT's success, reputation and self-image. For this reason, the Supervisory Board has kept a constant eye on the continued development of corporate governance standards as well as their implementation within the enterprise. Among other activities, this included regular reviews of the efficiency of the Supervisory Board's own activities. In particular – and also in discussions with the auditor – the review assessed the constant lawfulness of business management and the efficiency of organization within the enterprise. A corporate ethic of responsible and lawful behavior at all times, and the awareness that this ethic is of fundamental importance to the enterprise, are well entrenched at CENIT and within its managing bodies. In their Corporate Governance Report, the Managing Board and the Supervisory Board report on corporate governance at CENIT in accordance with No. 3.10 of the German Corporate Governance Code. At its session of 6 August 2009, the Supervisory Board issued its 2009 Declaration of Conformity, in accordance with § 161 AktG [Public Companies

Act], with the German Corporate Governance Code, as amended on 18 June 2009, and has made it permanently available to shareholders on the CENIT website.

Changes in Composition

There were no changes in composition.

Annual Report Session 2010 on the Annual and Group Reports for 2009

CENIT's accounting, as well as the Annual Report together with the status report for the 2009 business year, the Group Annual Report incl. commentary, and the Group status report for 2008 were audited by BDO Deutsche Warentreuhand Aktiengesellschaft/ Wirtschaftsprüfungsgesellschaft, Leonberg, who were selected as Annual Auditors and Group Annual Auditors at the annual shareholders' meeting on 29 May 2009. In accordance with its duties, the Supervisory Board reviewed the qualification, independence and efficiency of the auditor.

The auditor unconditionally certified the CENIT Annual Report and the Group Annual Report for 2009 including status report and Group status report, as prepared by the Managing Board. The Annual Report of CENIT AG Systemhaus was prepared in accordance with the principles of commercial law; the Group Annual Report complies with the International Financial Reporting Standards (IFRS). Annual Report documentation and audit reports were submitted to all members of the Supervisory Board in full. The Supervisory Board discussed the auditor's reports in detail with the Managing Board and the auditor so as to be satisfied of their correctness; the Supervisory Board is satisfied that the audit reports for 2009 fulfill all statutory requirements.

In addition, detailed reports by the Managing Board and excerpts from CENIT documents, particularly accounting documentation, were provided to the Supervisory Board in advance of its sessions. On the basis of these, as well as further information requested by the Supervisory Board during and between sessions, the Supervisory Board was able to fulfill its supervisory duties properly and promptly.

At the Annual Report session on 5 March 2010, the auditor reported on the key results of the audit of the individual Annual Report of CENIT AG Systemhaus in Germany and was available to furnish additional information and respond to queries. All Supervisory Board members were thus able to satisfy themselves that the audit conformed to statutory requirements and was conducted properly.

As the concluding result of its own audit pursuant to § 171 Aktiengesetz [Public Companies Act], the Supervisory Board determined that no objections were to be raised.

On 17 March 2010, the Supervisory Board endorsed the Annual Report prepared by the Managing Board for CENIT AG Systemhaus for the 2009 business year, and thereby issued its approval in accordance with § 172 Aktiengesetz. Also on 17 March, the Supervisory Board approved the Group Annual Report for the 2009 business year.

Following review, the Supervisory Board consents to the Managing Board's proposal for the appropriation of the balance sheet profit.

We thank the Managing Board and all employees for their work during the past year. Your dedication and the results of your work are impressive, particularly against the backdrop of the prevailing economic framework conditions. The Supervisory Board thanks you for your commitment.

Stuttgart, March 2010

For the Supervisory Board

A. Schmidt

Dipl.-Ing. Andreas Schmidt
Vorsitzender des Aufsichtsrats

MANAGEMENT REPORT FOR FISCAL YEAR 2009 IN GERMANY

OVERALL ECONOMIC CONDITIONS

GERMANY

The German economy recovered more quickly than expected at the end of 2009. New data on gross domestic product (GDP) indicate this with rising exports letting the German economy expand again in the 3rd and 4th quarter of 2009. Nonetheless, in terms of prices, GDP in 2009 was 3.7% lower at EUR 2.404 billion than in 2008. However, the first optimistic prognoses are being met again. 2010 GDP in Germany should again grow more rapidly than previously anticipated. At least this is the conclusion of the International Monetary Fund (IMF), which has significantly increased its growth forecasts for the global economy.

In the case of Germany, the IMF raised its forecast by one of the greatest amounts in comparison to other industrial nations. Consequently, the IMF anticipates growth of 1.5% in German 2010 GDP. That is significantly more than the fund forecast in September 2009. At that time, it only forecast 2010 German GDP growth of 0.3%. For the euro zone overall, GDP growth of 1.0% is anticipated in 2010 and 1.6% in 2011. As a result, German growth is significantly above the average in the euro zone. For 2011, the IMF even anticipates a rise in German GDP of 1.9%.

In the spring of 2009, the economy grew again for the first time after a year of recession. The expansion was corrected up from 0.3% to 0.4%. At the beginning of the year, its 3.5% decline was the sharpest since statistics began being compiled in 1970 because the global financial crisis particularly hurt the global export champion Germany and caused a collapse in demand for German products.

Stronger growth was prevented by the reluctance of consumers to spend. Private consumer spending declined. Experts attribute this to the end of the state-subsidized cash-for-clunkers program for the purchase of new cars and rising unemployment.

Many experts now see the German economy headed for recovery. The german federal government stimulated the economy with billions in economic packages while the central bank offered the market liquidity at low interest rates. Nonetheless, there have also been warnings about excessive optimism.

Despite the recovery, the degree to which the economy is still suffering from the consequences of the global financial crisis can be seen in a comparison with the third quarter of 2008: Here, gross domestic product – the total of all goods manufactured and services rendered in Germany

– declined by 4.7%. The five members of the German Council of Economic Experts as well as the federal government are assuming a shrinkage of 5.0% for all of 2009.

That would be the sharpest decline in the history of the Federal Republic of Germany. For 2010, the council of economic experts predict growth of 1.6%, somewhat more optimistic than the government forecast of 1.2%.

EUROPE

The economy in the euro zone has also left the recession behind. According to preliminary calculations, gross domestic product from July to September 2009 expanded by 0.4% in comparison to the previous quarter, as the statistics agency Eurostat communicated on November 13 in their press release. In comparison to the prior year, economic performance slumped by 4.1%. In the 27 member states of the European Union, gross domestic product climbed by a total of 0.2%.

USA

The U.S. economy finished the crisis year of 2009 with a powerful final burst. Gross domestic product in the fourth quarter grew by 5.7% - projected onto the full year – more rapidly than at any time since the summer of 2003. Nonetheless, the economy over the entire year grew by only 2.4%, the sharpest decline since 1946. In 2010, experts anticipate a bumpy recovery due to high unemployment and the expiration of stimulus programs. The U.S. Federal Reserve has slightly raised its economic forecast for the next year. Gross domestic product in the U.S. is anticipated to grow by 2.5 to 3.5% in 2010 according to the forecast of the Federal Reserve. In July 2009, central bank experts assumed expansion of between 2.1 and 3.3%. The US economy will recover from the recession at a moderate pace according to these experts.

CONDITIONS IN THE INDUSTRY

In general the manufacturing industry has been particularly affected by the economic crisis. Naturally, this also has an impact on IT investment propensity in the manufacturing industry. IT budgets are subject to review to an increasing degree in economically difficult times. Consequently, investments are only made in the financial services industry in those areas where this cannot be avoided such as compliance, for example, or where financial companies find themselves in especially competitive situations that can be improved by more innovative technologies, business processes and products.

Nonetheless: the IT market will stabilize throughout Europe in the coming year. That is the report from the high-tech association BITKOM on the basis of the current data from the European Information Technology Observatory (EITO). According to the current EITO forecast, sales of products and services in information technology, telecommunications and consumer electronics will decline in the EU in 2010 by 0.5% to roughly EUR 714 billion. In 2009, the decrease amounted to 2.2%. According to BITKOM, the global financial crisis has affected the IT sector less than many other industries. The recovery of the overall economy in the coming year will also lead to a revival in high-tech markets and thus to increasing demand. Consequently, the IT market (IT hardware, software, IT services) will again expand by 0.6% in the EU countries and exceed the level of EUR 300 billion in 2010, according to the prognoses of the EITO [European Information Technology Observatory]. The EITO estimates that there is an investment deficit in information technology, which will disappear in the coming two years. After growth of over 3% in 2008, the IT market in 2009 decreased by 2.6% to approx. EUR 299 billion. BITKOM anticipates that companies severely impacted by the economic crisis, e.g. in machine building or car manufacturing, will delay the start of new IT projects until the situation improves. In contrast, revenues from outsourcing services in the EU have already increased against the trend by 4% to EUR 66 billion in 2009.

Positioning of CENIT

CENIT does business in product lifecycle management (PLM) and in the market for enterprise information management (EIM) solutions. Our services are completed by application management services (AMS). With its full range of services, the Group offers its customers important added value with regard to in innovation and process optimization. CENIT is the specialist for our customers’ central functions with a focus on the manufacturing industry and financial services sector. The CENIT Group's consulting, service and software portfolio combines CENIT AG's own solutions with the standard products of our software partners on which those solutions are based. Leading software providers are our partners. Furthermore, CENIT aims to be the market leader in the product environment of these partners. Employees in the CENIT Group are well-versed in the processes and technologies of the target industries and are therefore able to provide our customers with industry-tailored support for the planning, implementation and optimization of their business and IT processes. So that customers can concentrate on their core competencies, the CENIT Group also assumes the management of the applications and the related IT infrastructures. Besides subsidiaries in Germany, CENIT is also doing business in France, the US, Romania and Switzerland. Our overarching goal is to improve our profitability while achieving sustainable growth in revenue.

CENIT (SWITZERLAND) AG, Frauenfeld/Switzerland

CENIT (Switzerland) AG generated revenue of EUR 3.3 million in the 2009 fiscal year (2008: EUR 4.9 million), with EBIT of EUR 0.76 million (2008: EUR 2.4 million).

CENIT NORTH AMERICA Inc., Auburn Hills/USA

CENIT North America Inc. generated revenue of EUR 6.2 million (2008: EUR 6.1 million) and EBIT of EUR -0.2 million (2008: EUR -0.1 million).

CENIT SRL, Iasi/Romania

CENIT SRL generated revenue of EUR 0.5 million (2008: EUR 0.7 million) and EBIT of EUR 0.1 million (2008: EUR 0.2 million).

CENIT France SARL, Toulouse/France

CENIT founded a subsidiary in France in fiscal 2007. The company is still in the start-up phase and primarily serves our customer EADS Airbus in Toulouse. CENIT France SARL generated revenue of EUR 0.47 million (2008: EUR 0.3 million) and EBIT of EUR 0.06 million (2008: EUR 0.02 million).

RESULTS FOR THE YEAR

Results of operations CENIT Aktiengesellschaft Systemhaus, Germany

The financial market and global economic crisis had a severe impact on the main sales markets of CENIT: financial service providers and manufacturing companies. For this reason, the company has been working particularly hard on limiting its dependence on the economic situation. At the same time, the range of provided software solutions continues to be expanded and will also be aligned with the market in the future. CENIT employees' high and extensive service and consulting expertise in all addressed industries and regions continues to be ensured and expanded.

The year 2009 was impacted by declining utilization. On average over the year, it amounted to 70 percent in the service area. The primary reason for this was the short-time working in the CENIT customer area for the automotive industry, which affected more than 100 employees at CENIT. The reluctance of many customers in the manufacturing industry to invest caused our product business not to grow.

CENIT AG generated revenue of EUR 81.6 million in fiscal 2009 in Germany, (2008: EUR 75.6 million). The revenue from third-party software increased significantly by roughly 45%. The background was the value-added reselling business of our partner Dassault Systèmes. Revenue from CENIT's own software increased from EUR 6.4 million to EUR 8.2 million.

Gross profit amounted to EUR 55.5 million (2008: EUR 54.3 million). CENIT thus generated EBITDA of EUR 4.4 million (2008: EUR 3.3 million/ 36 percent) and EBIT of EUR 3.3 million (2008: EUR 2.2 million / 49 percent).

cad scheffler GmbH, Oelsnitz

At this point, CENIT would like to note that cad scheffler GmbH, a wholly-owned subsidiary of CENIT AG Systemhaus and as the transferor company according to the rules of the Company Transformation Act (UmwG) was merged with CENIT AG Systemhaus, the absorbing company. The merger was based on a merger agreement under dissolution without liquidation. Cad Scheffler is now included in the balance sheet of CENIT AG in Germany. Income and expense has been included in CENIT'S income statement since May 1, 2009. One-time expenses were incurred at the time.

Composition of Cenit's Revenue by Business Unit

More than 80% of the revenue is generated domestically, with the rest distributed among subsidiaries' core regions in Europe and the US.

Breakdown of CENIT's Revenue by Business Unit in Germany

	EUR k	EUR k	EUR k
	EIM	PLM	Total
Revenue	23,473	58,113	81,586

Proposed Dividend

The management board and the supervisory board will propose to the annual general meeting on May 28, 2010, that a dividend of EUR 0.30 per share will be distributed.

It has been proven that it is essential in times of crises to safeguard liquidity for the long-term and maintain financial autonomy. Ultimately, this good financial situation of CENIT is also a critical advantage over competitors in the awarding of orders because it gives the necessary security to the investment plans of our customers, amongst others, with regard to CENIT's services and software products. The other existing liquidity should enable CENIT to benefit from future growth in the aforementioned markets if this serves the interests of the Company and its shareholders. This includes e.g. the expansion of the service and software activities. Interesting acquisitions are therefore being screened and reviewed on an ongoing basis. However, capital is also required to further develop technology in connection with new fields and software development.

Against this backdrop, our financial strategy will remain focused on ensuring good long-term credit ratings, but will also consider the interest of shareholders in a dividend.

Incoming Orders

The order intake in Germany amounted to EUR 78.0 million in fiscal year 2009 (2008: EUR 90.8 million). The order backlog as of December 31, 2009 amounted to EUR 24.5 million (2008: EUR 28.0 million). Incoming orders in the manufacturing industry and in particular in the automotive industry declined. In the financial services sector, on the other hand, CENIT obtained new important customers. A trend however cannot be foreseen.

Net Assets and Financial Position

Equity amounted to EUR 24.7 million as of the balance sheet date (2008: EUR 20.9 million). The equity ratio amounted to 63%. (2008: 60%). As of the balance sheet date, bank balances amounted to EUR 16.3 million (2008: EUR 9.0 million). The company has, in addition to its cash, sufficient overdraft facilities of EUR 2.4 million at its disposal. Both trade receivables of EUR 13.3 million (2008: EUR 16.3 million) and trade payables of EUR 4.3 million (2008: EUR 5.0 million) reflect the course of business and contributed to the increase in cash. Such financial autonomy allows for a level of internal financing corresponding to the course of business, which constitutes a competitive advantage for CENIT AG in light of the restricted availability of credit in the near future, and provides our customers with the necessary security for their investment. The operative cash flow reached EUR 8.9 million (2008: EUR 0.3 million).

Financing

There are no liabilities to banks, neither short-term nor long-term. Granted credit lines of EUR 2.4 million are not currently being used. Any cash and cash equivalents not needed to fund day-to-day operations are invested for the short term and sometimes for the medium term with an appropriate yield-risk relationship. Investment in property, plant and equipment and financial assets was funded in full from the Company's own resources in the year under review. The good financial situation permits sustainable internal financing.

Securing Liquidity

In addition to the financial planning, CENIT also makes use of monthly cash flow projections. Any liquidity surplus is systematically used for the financing of projects, software development, investments and the expansion of national companies.

CAPITAL EXPENDITURES

CENIT’s capital expenditures on property, plant and equipment usually play a subordinate role. They primarily involve expenditures for equipment, furniture and fixtures for the sales representation offices and the administrative center. CENIT’s capital expenditure on property, plant and equipment and intangible assets amounted to EUR 0.8 million in 2009 (2008: EUR 1.1 million). The majority of capital expenditures related to replacement investments in technical infrastructure and equipment, furniture and fixtures. Depreciation of property, plant and equipment as well as the amortization of intangible assets was EUR 1.1 million (2008: EUR 1.0 million).

Capital expenditures (intangible assets and property, plant and equipment) by segment:

	EUR k	EUR k	EUR k
	EIM	PLM	Total
Capital expenditure	360	408	768

All capital expenditures were financed by the operative cash flow.

Forex Management

The high volatility on foreign exchanges markets and the consequent uncertainty on the development of exchange rates have only a minimal effect on CENIT. Among other things, the business activities of the CENIT Group involve payments in USD and Swiss Francs (CHF). This exposes CENIT to a certain degree of exchange rate risk, even if only a relatively small portion of the Group’s revenue and sales is denominated in foreign currencies. Our risk management system monitors and evaluates fluctuations on the foreign exchange markets and guarantees prompt reaction. Primarily, however, the Group invoices in EURO.

Internal control and risk management system based on the accounting process according to Section 289 (5) HGB [German Commercial Code]

The significant features of CENIT’s internal control system and risk management in connection with the accounting process can be described as follows:

There is a clear management and corporate structure at the Company. The functions of the areas primarily involved in the accounting process are accounting and taxes, consolidation and controlling as well as investor relations, which are clearly separated. Areas of responsibility are explicitly allocated.

The used financial systems are protected against unauthorized access by means of appropriate safeguards in the data processing area. Wherever possible, standard software is used in the financial area. An adequate guideline system (e.g. travel cost guidelines, etc.) ensures uniform treatment in the Company and is continually updated.

The departments and areas involved in the accounting process are suitably equipped in both a quantitative and qualitative regard. Received or forwarded bookkeeping data are continually reviewed for completeness and correctness, e.g. through spot checks. The software utilized includes programmed plausibility checks, such as for payment runs.

The principle of dual control (four-eye principle) is consistently applied for all processes that relate to accounting. Appropriate monitoring bodies (supervisory board) have been implemented with a view to assuring the appropriateness and reliability of internal and external accounting.

The internal control and risk management system with regard to the accounting process, whose significant features were described above, ensures that company events are always correctly recorded, processed, valued and included in the accounting. Suitable personnel, the use of adequate software and clear legal and internal requirements represent the basis for a proper, uniform and continuous accounting process. The clear determination of the areas of responsibility as well as the different control and monitoring mechanisms ensure concrete and good-governance accounting. In their details, this ensures that business events are recorded, processed and documented in accordance with the statutory provisions, the articles of incorporation and bylaws, the internal guidelines, and also entered promptly and correctly for the bookkeeping. At the same time, this guarantees that assets and liabilities in the annual financial statements are accurately recognised, disclosed and measured, and the reliable and relevant information is supplied completely and promptly.

Disclosures pursuant to the German Takeover Directive-Implementation Act (Übernahmerichtlinie-Umsetzungsgesetz)

Sec. 289 (4) Nr. 1 HGB [German Commercial Code]

As per the most recent entry in the commercial register on August 14, 2006, the share capital of the Company amounts to EUR 8,367,758.00 and has been fully paid in. It is divided into 8,367,758 shares of EUR 1.00 each. The shares are bearer shares and are no-par value common shares only.

Sec. 289 (4) Nr. 6 HGB [German Commercial Code]

The appointment and recall of members of the management board is regulated in Sec. 84 AktG [German Stock Corporation Act]. Furthermore, Sec. 7 (1) and (2) of the articles of incorporation and bylaws states that the supervisory board appoints members of the management board and their total number. According to Sec. 7 (1) of the articles of incorporation and bylaws, the management board consists of at least two people.

The rules for a change in the articles of incorporation and bylaws is governed by Sec. 133, 179 AktG [German Stock Corporation Act]. In addition to this, Sec. 21 (1) of the articles of incorporation and bylaws regulates that resolutions of the annual general meeting are passed by a simple majority of votes and where required, the simple majority of equity, unless legal requirements or the articles of incorporation and bylaws prescribe otherwise. For changes in the articles of incorporation and bylaws that solely concern the resolution, the supervisory board is empowered pursuant to Sec. 16 of the articles of incorporation and bylaws.

Sec. 289 (4) Nr. 7 HGB [German Commercial Code] - Authorized Capital

The management board was authorized to acquire treasury shares (common shares) in the Company in the interest of redeeming them for the Company, at one time or in several stages, with the consent of the supervisory board and until November 30, 2010, superseding the authorization to acquire treasury shares from May 30, 2008. Redemption does not require an additional shareholder resolution.

The management board was also authorized to acquire treasury shares (common shares) in the Company in the interest for reselling them for the Company, at one time or in several stages, with the consent of the supervisory board and until November 30, 2010.

The authorization to acquire Company treasury shares representing no more than 10% of the Company's current capital stock was renewed.

With this authorization, the Company is placed in the position of making use of the instrument to acquire treasury shares to achieve advantages combined with the acquisition of treasury shares in the interest of the Company and its shareholders.

The authorization of the management board provides the management board with the approval of the supervisory board to undertake the resale of previously acquired treasury shares while precluding shareholders' subscription rights. With this authorization, the Group makes use of the possibility to preclude the subscription rights as permitted by Sec. 71 (1) Nr. 8 AktG [German Stock Corporation Act] through commensurate application of Sec. 186 (3) AktG.

The possibility of precluding the subscription rights in the resale on stock exchanges aids in the flexible and quick arrangement of situations where it is advantageous for the Company to reduce its own holding of shares. Pursuant to Sec. 71 (1) Nr. 8 Sent. 4 AktG [German Stock Corporation Act], reselling on the stock exchange is consistent with the principal of equal treatment in Sec. 53a AktG.

The possibility of precluding subscription rights in the use of treasury shares as a consideration for the acquisition of companies or equity investments in companies is supposed to place the Company, as part of the proposed authorization resolution, in the position of acting flexibly, quickly and efficiently in the acquisition of companies or equity investments in companies. As compared with the use of authorized capital, treasury shares can be used even more quickly and easily as “acquisition currency” for such measures. Consequently, the proposed possibility of precluding the subscription rights is supposed to place the management board in the position of having treasury shares of the Company immediately at their disposal for the acquisition of companies or equity investments in companies. This is required to secure and strengthen the competitive position of the Company.

Sec. 289a of the German Commercial Code– Declaration on Corporate Governance

The compliance statement according to Sec. 161 of the German Companies Act on the German Corporate Governance Code in its current version dated June 18, 2009, can be viewed on our website under the following link: www.cenit.de/de/corporate/investor-relations/corporate-governance.html and is presented in the Notes as well.

CENIT’s corporate management and monitoring structures are described as follows:

Working methods of the management board and the supervisory board

CENIT's management board is in charge of the business operations. Its actions are closely linked with operating activities. The managers of the business divisions report to the management board. Management tasks are undertaken by the management board, the respective managers of the business units and financial control. The distribution of business among the two members of the management board is in line with the business distribution plan. The management board takes part in all ordinary meetings of the supervisory board, reports in writing and orally on individual agenda items and proposed resolutions and answers the questions of individual supervisory board members.

Compliance

Sustained economic, ecological and social action is an indispensable component of corporate culture for CENIT. This includes integrity in dealing with employees, business partners, shareholders and the public, expressed in exemplary conduct.

As a service company, CENIT depends on its irreproachable conduct to earn and retain the trust of its customers and business partners. The goal is to act with credibility, seriousness and reliability and to present an appearance that reflects these actions. CENIT’s interpretation of compliance is adherence to the law and the articles of incorporation, compliance with internal regulations, as well as with any obligations entered into voluntarily.

Code of Conduct

In order to assure exemplary action and conduct, a model was developed for the entire Group that applies to all – the management board, business managers, leaders and all employees in the Group – equally.

The model stipulates minimum standards and includes notes on how all employees can work together in complying with them. It is designed to help deal with ethical and legal challenges in day-to-day work and provide orientation in conflict situations. Violations are investigated in the interests of all employees and the Company and their causes are eliminated. This also includes consistent prosecution of misconduct within the applicable national rules.

Compliance Organisation

The Compliance Organisation helps to integrate and firmly anchor the values mentioned into the Group structure. The corporate values listed in the model are conveyed to management and employees. The central Compliance Department supports compliance with the Corporate Governance Code in the Group and answers questions.

Shareholders and General Shareholders' Meeting

Our shareholders exercise their rights in the General Shareholders' Meeting. The annual General Shareholders' Meeting at CENIT takes place in the first five months of the fiscal year. The Chairman of the supervisory board chairs the General Shareholders' Meeting. The latter decides on all tasks it has been allocated by law (including the election of supervisory board members, modifications to the Articles of Incorporation, allocation of the net income, capital measures).

Supervisory board

The supervisory board's central duties are to advise and monitor the management board. The supervisory board of CENIT AG consists of three members at present. Two members were chosen by the shareholders at the General Shareholders' Meeting and one member by employees. Resolutions of the supervisory board are passed by a simple majority of votes submitted.

Management board

The management board, as managing body of the AG, manages the Company's business and is bound to maintain the interests and business policy principles of the Company under stock corporation law. It reports regularly, promptly and comprehensively to the supervisory board on all key issues regarding business development, corporate strategy and potential risks. The management board's remuneration is composed of fixed and performance-related components.

Risk Report

A Group-wide opportunity and risk management system lets us identify possible risks early on to assess them properly and thus limit their impact as much as possible. By continuously monitoring risks, we can assess the suspected overall status systematically and promptly at all times as well as better judge the effectiveness of appropriate countermeasures. In the process we include both operative and financial, economic and market-related risks. Opportunities result from the complementary view of operating and functional risk structure in all risk fields.

For identifiable and ongoing risks we create a suitable risk provision. We systematically monitor currency and default risks on the basis of guidelines in which the basic strategy, the provisions for the organizational and procedural structure as well as the areas of responsibility are set.

CENIT AG's management board has instituted a systematic and efficient risk management system. Operative risk management involves early detection, communication and long-term management of risks. Risk reporting requires that the heads of the business units continually keep the management board up-to-date on the current risk situation. Furthermore, in cases of urgency, sudden risks and risks affecting the entire Company are reported to the risk manager responsible at CENIT AG, bypassing the customary reporting channels. In accordance with statutory provisions, the management board and supervisory board of CENIT AG are given detailed reports on the risk situation in the various business segments. These reports are supplemented by immediate notifications as soon as risks change, no longer apply or new risks emerge. This ensures that the management board and supervisory board are always well-informed. The compliance of the companies with the risk management system and their own risk management is assessed by internal quality audits. Information thus gained is used to further improve the early detection and management of risks.

CENIT is well positioned in its target markets. CENIT has a strong market position in product lifecycle management, enterprise information management and application management services among medium-sized and large customers. The risk policy is based on the concept of using existing opportunities to the full and only entering into the risks associated with the business activities if the opportunities for creating corresponding added value outweigh the risks. CENIT implements this concept by regularly and continuously identifying, assessing and monitoring risks in all material business transactions and processes within the Group. The risk management is a component of corporate governance and reports directly to the management board. It falls within the scope of management systems. The existing risk management system lays the foundation for monitoring and evaluating risks and, if necessary, implementing corrective measures. The functionality of the system is evaluated on a regular basis. Rather than evaluating whether recognized risks are assessed correctly, the focus is much more on whether the system is capable of detecting risks at an early stage. A risk inventory is also carried out regularly. The six-month or annual risk report documents and assesses any risks identified in this process. An ad-hoc risk report is also available to ensure that action can be taken rapidly and informally. A detailed report on the status of the material risks to be monitored documents the assessment, the action taken or planned and the persons responsible.

The management board examines the classified risks together with the department heads and the employees responsible in that business unit. The supervisory board is also informed regularly of the Company's risk situation.

The receivables portfolio may bear risks with respect to the recoverability of the receivables. CENIT deals with such risks through strict receivables management, credit rating checks, requests for down-payments and the classification of risks at an early stage.

The Company is not dependent on financing by banks. Therefore, the management board also does not see any liquidity risk. Credit lines were neither issued nor needed for the subsidiaries in the US, Switzerland, France or Romania.

In order to safeguard and reinforce the skills and commitment of management, CENIT will continue to position itself as an appealing employer and work towards retaining management personnel in the long term. Consistent management development involves providing prospects, targeted support and advice, early identification and promotion of potential and attractive management incentive programs. CENIT employs specialists with many years of experience in all of its business units.

There are entrepreneurial risks associated with the expansion and retention of the business in the US. As the expansion of the business is due to organic growth, these risks remain both manageable and controllable.

Risk Management with regard to IT Security

One of the Company's chief concerns is IT security and the constant monitoring thereof. This enables CENIT to determine the values that are most important to the Company itself and its customers, and therefore require the most attention and highest level of security with regard to specified security targets, measures and monitoring. The necessary level of security is reflected in the policies and procedures implemented in the interest of managing the associated risks. In the event that a risk has been identified but the introduction of corresponding measures or procedures is inappropriate for financial, environmental, technological, cultural, scheduling or other reasons, this decision is documented at a meeting of the IT security forum, and subjected to regular review in order to ensure that the decision was appropriate and enduring. A security concept is developed on the basis of the security requirements determined by the risk analysis. This is done by selecting suitable measures to reduce risks to an acceptable level that represent the ideal solution in terms of cost and benefit.

Risk Monitoring

The monitoring of risks is the responsibility of the local and central risk management functions. To this end, early warning indicators are defined by the local risk managers for each of the critical performance indicators. The task of central risk management is to monitor the predefined early warning indicators. As soon as the predefined thresholds are met, the local risk manager prepares a risk report, i.e. a prediction of the anticipated consequences for CENIT should the risk materialize. These predictions should ideally be supported by scenario analyses for a range of data constellations. Risk monitoring therefore functions as a knowledge amplifier for management decisions, reducing the uncertainty surrounding the future situation of the group in terms of risk. Using this information and the measures proposed by the local risk manager and central risk management as a basis, the management board decides whether and to what extent risk management measures are to be implemented, or whether the Company's targets will have to be adjusted. The monitoring of early warning indicators and corresponding thresholds and the implementation of scenario analyses are the responsibility of local risk management.

Finally, it should be noted that the Company uses numerous management and control systems that are continually developed to measure, monitor and control risks. They include a uniform Company-wide strategy, planning and budgeting process dealing mainly with opportunities and risks relating to operations. The risks identified and the risk management measures defined within the strategy, planning and budgeting process are monitored. The monitoring and management of risks has already met with success, for example in the form of the change request process for security with regard to deadlines and technical risks. With large projects in particular, the certainty that the contract will be continued is checked.

The further growth and thus the economic success are affected not just by the economic risks in the global markets, but to a large extent also by the successful marketing of CENIT solutions and consulting as well as IT services. Among other things, the Company plans to do this by expanding its own selling and consulting know-how and by entering into strategic alliances. Two-thirds of the customers are in the manufacturing industry. The economic cycles of the manufacturing sector could have an impact on the business development. The Company has concluded insurance policies to cover potential losses and liability risks and ensure that the financial consequences of any potential risks are limited. The scope is regularly reviewed and adjusted, if necessary. With respect to IT security, CENIT AG has made extensive risk provisions, and develops these constantly.

Risks Relating to Future Development

A review of the current risk situation shows that there were no risks in the reporting period that jeopardized the continued existence of the Company and that no such risks to the going concern of the Company are foreseeable at present for the future. Furthermore, as of the balance sheet date there were no risks that have a significant effect on our net assets, financial position, or results of operations. The strategic risk management and early warning system implemented in accordance with the requirements of KonTraG [German Law on Control and Transparency in Business] allows transparent corporate governance and the early detection of risks. Due to the fact that the majority of all purchase and sales contracts are denominated in euro and in light of the current financial position, financial derivatives are not currently used to hedge currency risks. A consideration of the overall level of risk shows that CENIT is fundamentally subject to market risks. These relate in particular to price and volume-related economic developments, as well as dependence on the performance of important customers or sectors.

Overall, service performance processes are managed very tightly and therefore are less subject to risk. In general, risks are limited, manageable and do not jeopardize the Company's ability to continue as a going concern. Nor are there any risks discernable which may pose a threat to the Company's continuing existence in the future.

Procurement Strategy and Purchasing Policy

We place our trust in our partners and suppliers, and anticipate fair and long-term cooperation. Performances, counterperformances and risks are well-balanced. We expect our partners and suppliers to work with us on recognizing potential cost savings. CENIT therefore pursues a procurement strategy that is tailored exactly to the specific needs of a project.

Our purchase officers have a lot of experience in sourcing merchandise and services for our customer projects. For our procurement we cooperate with reputable partners who are market leaders or industry leaders in their particular product line. There are practically no exchange rate risks associated with purchases as most purchases are made on the European market. The expenses for merchandise and purchased services amounted to EUR 26.8 million in 2009 (2008: EUR 22.4 million). The value of inventories and the amount of capital tied up in inventories is kept at a low level of EUR 0.3 million as of the balance sheet date (2008: EUR 0.8 million). This allows us to react flexibly to market needs. The risk of obsolescent inventories is insignificant.

Quality Assurance

In the field of business process consulting, we want to satisfy our customers with high-quality and cost-effective solutions. When taking on operative activities for a customer or working on site at a customer's premises, we want to improve the efficiency of the processes we take on. The same applies for our software solutions. We aim to exceed our customer's expectations. This is why ongoing monitoring and improvement forms the foundation of our quality assurance system. In order to achieve this goal, our processes are structured to meet these requirements. All employees are encouraged to implement these processes and continuously improve them in accordance with a set methodology. Customer satisfaction means success for everyone.

The members of the management board of CENIT AG are jointly responsible for the management of the Group. The management of quality assurance is appointed by a member of the management board. This ensures that the management board can directly influence and control the quality assurance system of the Group, and can immediately recognize mismanagement and remove those responsible. The management board defines the group policies, strategies and goals and ensures that these are communicated to all levels of the Company and are realized in practice. Moreover, the management board is responsible for defining the organization and individual responsibilities as well as for providing the necessary financial and human resources. Each year, management works out the detailed goals for the coming year and the next three years to be used as an orientation. The annual goals are then transferred to the level of the individual employees. Goals which serve to monitor the continuous improvement of processes and the Group as a whole are laid down in the respective standard operating procedures. The management board reviews whether the agreed goals have been met and to what extent they are over or under target and whether the relevant standard operating procedures, laws and standards have been complied with.

Continuous improvement is an essential component of our quality assurance system. Each and every employee is required to contribute to it. Our continuous improvement process reveals any potential for improvement, evaluates the costs and benefits, and implements any suitable changes. Regular internal quality audits record and document the progress of the continuous improvement process. The actions and those responsible for their realization are documented in the report. CENIT has included quality assurance regulations in its management handbook. These comply with ISO 9001:2000. Moreover, CENIT has developed and implemented key standard operating procedures which apply throughout the entire Group. The standard operating procedures are supplemented by laws and industry standards which the Company must observe and comply with. The employees are kept informed about current developments in the Company at quarterly meetings. These events are also used for any training required in the process-based management system across all segments. The information needed for day-to-day business is communicated in regular meetings or in individual discussions. The Company places a high value on open dialog.

A systems audit was conducted in 2009 by an independent team from Deutsche Gesellschaft zur Zertifizierung von Managementsystemen (DQS). The audit was successful and CENIT was awarded the DIN EN ISO 9001:2000 certification. CENIT successfully qualified for certification under the internationally recognized ISO/IEC standard 27001:2005. ISO 27001:2005 is a standard issued by the International Organization for Standardization (ISO), and therefore the internationally applicable standard and recognized successor to the British standard BS 7799-2:2002. The standard incorporates all aspects of corporate, IT and data security, as well as the statutory framework.

Employees

The number of employees was 640 as at December 31, 2009 (2008: 635).

The personnel expenses came to EUR 37.4 million in the period under review (2008: EUR 35.3 million / 6%). The average age of staff was 38. More than 75% of the employees have attended higher education. Employee turnover amounted to 6.5% (10% in 2008). We once again recorded a very low number of sick days. The average period of employment was six years with an average age of 38.5.

CENIT has been successfully providing training for years. The trainees include students from universities of cooperative education and apprentices in the field of IT. We are also continually hiring college graduates, students currently writing their thesis, and interns. We consider this central to our responsibilities to society. In light of the large number of young unemployed persons, we consider it important to make it easier for young professionals to start their career through qualified training. In 2009, CENIT trained a total of 59 young people in Germany in several vocations. This constitutes a ratio of trainees to employees of 9%.

Training

In order to prepare employees for the ever-increasing demands placed on them by innovation and market competition, and raise their level of training, CENIT offers a comprehensive range of seminars. In the year under review, many of our employees took advantage of a variety of training events, and attended courses and seminars to boost their professional qualification. Quality assurance, data and information processing and management training formed the focus of our training activities.

Remuneration / Participation in Company Performance

In addition to performance-related promotion opportunities and the early assignment of responsibility, CENIT offers all of its employees an attractive remuneration policy. Apart from the fixed salary as defined by the individual's employment contract, there are also remuneration components that are partially based on the Company's earnings and share price. By issuing stock options to selected management personnel, a further tool has been added to the Company's performance-related remuneration policy.

The remuneration of CENIT AG’s management board consists of both fixed and performance-related components. The performance-related component is based on the operative Group net income for the year. We refer in this regard to the information in the notes to the financial statements. Furthermore, a long-term incentive for the management boards is a stock option right for a total of 39,000 stock options.

The remuneration of the supervisory board is fixed in accordance with the articles of incorporation and bylaws. Each member of the supervisory board receives fixed remuneration of EUR 15,000.00, payable after the end of the fiscal year. The chairman of the supervisory board receives twice this amount, and the deputy chairman receives one and a half times the above amount.

Research and Development

Our goal is to continue strengthening our innovative process. For this reason CENIT slightly increased spending on research and development to EUR 4.8 million in fiscal 2009. CENIT’s business units focus their research and development efforts on the next generation of products and solutions and prepare their successful market launch. Close cooperation with business units near to the product and customer and intense exchanges also enable CENIT to offer technically customer-oriented solutions.

Besides adjusting standard software, the CENIT Group therefore develops its own programs for supplementing and expanding existing standard software as required by its customers. The Group's software solutions are based on SAP and IBM/FileNet IT solutions, or on products from Dassault Systèmes such as the PLM software CATIA or DELMIA. CENIT's solutions add important functions to these standard packages which lead to higher productivity or improved quality of data. Some products allow the design of entire business processes, consistent data storage and early simulation of process stages. Overall, the CENIT Group offers 20 solutions from across its business units.

Performance of CENIT's Shares on the Financial Markets

Chart: Stock Performance in 2009

CENIT's share price started 2009 at EUR 3.40 per share and ended the year at EUR 4.44. The average trading volume amounted to 23,078 shares per day over the 52 weeks. The average share price in 2009 was EUR 3.86. CENIT AG's share price peaked for the year at EUR 5.00, while the lowest value recorded in the course of the year was EUR 2.40. Overall, more than 5.4 million shares were traded. Data on the composition of shareholders can only be approximated on account of the high level of free floating shares, giving the following overview of the number and composition of the Company's shareholders:

Distribution of Shares among Shareholders as of December 31, 2009:

The following investors held a share subject to reporting requirements:			
Company	**Reported on**	**Number of shares**	**Percent**
Highclere International	11.13.2008	436,268	5.21
DIT Allianz Global Investors	11.02.2009	410,458	4.91
Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte	02.21.2007	330,000	3.94
Ratio Asset Management LLP	11.17.2009	262,128	3.13
Axxion	10.07.2008	255,356	3.05

Source: CENIT AG Systemhaus, Stuttgart

Four banks and analyst firms currently issue research reports on CENIT AG. These are recommendations from SES Research/M.M. Warburg & Co., Hamburg, equinet AG, Frankfurt, GBC AG, Augsburg and Mirabaud Securities, London. CENIT AG is listed on the Prime Standard of the German Stock Exchange, and meets international requirements with regard to transparency.

Overview of Stock Markets

The consensus of banks surveyed by "Dow Jones Newswires" in December 2009 anticipates that the German stock market will end 2010 at 6,219, which would correspond to returns of 7% as compared to the current price. The individual estimates range from 5,500 to 6,800. Almost all equity strategists agree that the fluctuations on stock exchanges in the coming year will significantly increase. A glance back at 2009 shows that there were only two large movements in the DAX. From the beginning of January to the low for the year on March 9, the 30 German blue chips initially dropped and then rose in a bull market. If you had bought shares at the beginning of the year and held the shares until the end of the year, you obtained a share profit of 20%. If you sold shares at the beginning of March, you lost roughly 24%. If you did everything right and invested in the middle of March, your investment in the DAX index returned roughly 54%. This demonstrates how important the right timing is on the stock market.

The economic recovery since the late summer is on the one hand due to government stimulus programs. On the other hand, it is helped by a simple underlying effect that the low comparative value from the prior year now results in a small plus. The stock markets in 2009 also benefited from an almost unprecedented amount of liquidity that sought investment opportunities.

Subsequent Events

At the time of preparing the audit report, there were no significant events that could have had a major impact on the net assets, financial position and results of operations at the Company.

Forecast for 2010

The recovery is gaining ground – and could last longer than the majority of economists have assumed to date. The November business climate survey by the Munich Ifo-Institute [Institute for Economic Research in Munich] and the figures on gross domestic product (GDP) in the third quarter of 2009 suggest this. According to the Ifo-Institute, business expectations for companies in the coming six months have risen substantially. The current business situation is also currently assessed by businesses as significantly better.

Above all, the export industry is benefiting with growing demand from abroad. Furthermore, bank bailouts, stimulus programs and low interest rates stabilized the expectations of households and companies. These expectations produce the following picture for CENIT:

Anticipated Results of Operations

CENIT created a good basis for the ongoing positive course of business in recent years. We will also build on this base in the coming years. In fiscal 2009 we proved that we can also achieve solid results in the increasingly difficult and uncertain economic conditions.

The competitiveness of our products, the continuous development of our services and software, the market's need for process optimization, the integration of applications and the integration of business partners as well as the required increase in efficiency for the processes at our customers – all that gives CENIT good opportunities to achieve the desired goal of expanding in its segments in accordance with the needs of the market. Last but not least, we also possess very competent staff with a customer-oriented corporate culture that is also focused on added value for the customer in difficult times.

Even in the event that the global economy performs poorly, this will offer us opportunities. As part of our strategy, we are systematically using opportunities for acquisitions and permanently observing the market. We have smaller companies in sight whose services and products represent either a technological complement to our business or possess a product that is related to our product portfolio or consultancy firms that could strengthen CENIT in the area of services. Furthermore, the economic crisis is also increasing the need for process-optimizing software applications. We can cover these with our customer-oriented solutions.

For fiscal 2010, we anticipate a positive performance on the basis of the results generated in 2009. Nonetheless, we also cannot exclude the possibility of short-time working in 2010 to adjust to the demand situation of our customers and to retain our core staff. For 2011 at the latest, we expect the world economy to recover from the current recessionary phase and experience renewed, albeit moderate growth. Thus, it should be noted that provided that ongoing economic situation does do not hamper our business, we aim to return to our long-term course of growth in 2010/2011.

The basic condition for our assessments for the next two years and the anticipated increase in CENIT's earning power are overall stable political conditions and the assumption that the bottom of the global economic crisis was reached in 2009 and overcome. Solid utilization in the service area and a significant increase in the software product business let us achieve increases in earnings.

Additional opportunities and risks may result from the performance of the automotive and air and space industry as well as the financial services industry. A major guarantee of our positive performance will be the assessment we have suggested for the market success of our software products. Furthermore, we also want to take advantage of the opportunities that result from the first customer projects in the public sector. Here our software products are playing a leading role in innovative technologies and processes for sustainable and effective public administration.

The following factors should contribute to our goals for sales and results: We will continue our activities in the US and Europe. We want to profit from growth in the relevant market segments and obtain new customers. The business unit PLM will increasingly concentrate on Dassault Systèmes and position itself as a strategic PLM consulting and software company. This will ensure that we have all the necessary requirements to become the market leader for PLM projects in the medium term as planned.

The enterprise information management (EIM) area offers us opportunities in the administrative area and the public sector. Among others, with our partner IBM we can make use of important opportunities there and expand.

Employees

The workforce is closely linked to the development of the economy. Providing training to young people remains a priority for us. This is why we want to maintain the current level of training for the coming years, and retain it as an element of our long-term HR policy.

Research and Development

Innovative technologies are of fundamental importance to the CENIT group. This is why we are constantly redoubling our efforts in this respect. Our spending on innovation will rise slightly in fiscal 2010.

Anticipated Financial and Liquidity Position

On the liquidity position, it should also be noted that the CENIT Group’s healthy finances are also a competitive advantage for gaining contracts as they promise our customers the requisite security when deciding to invest in the CENIT Group’s services.

The financing of CENIT is set on a solid foundation. Maintaining a good credit rating in the long term and providing sufficient liquidity in the short and medium term for the positive development of the Company reflect the conservative nature of our financial policy that has been in place for many years. Investments in fiscal year 2010 will remain at the level of 2009, and we are primarily planning replacement investments. These are financed by the operative cash flow.

The liquidity lost from payment of the dividend can also be financed by the existing stock of cash and cash equivalents or by the operative cash flow.

Stuttgart, February 2010

The management board

Christian Pusch　　　　Kurt Bengel

GROUP FINANCIAL STATEMENT

CENIT Aktiengesellschaft Systemhaus, Stuttgart

BALANCE SHEET as of 31 December 2009

		31 Dec. 2009	31 Dec. 2008
	EUR	EUR	EUR k
ASSETS			
A. **FIXED ASSETS**			
I. Intangible assets			
Franchises, industrial and similar rights and assets and licenses in such rights and assets		237.484,59	285
II. Property, plant and equipment			
1. Land and buildings including buildings on third-party land	873.930,41		325
2. Plant and machinery	958.126,98		1.152
3. Other equipment, furniture and fixtures	258.036,48		165
		2.090.093,87	1.642
III. Financial assets			
1. Shares in affiliated companies	625.643,06		3.093
2. Equity investments	52.554,25		53
3. Longterm securities	2.000.000,00		0
		2.678.197,31	3.146
B. CURRENT ASSETS			
I. Inventories			
1. Work in progress	348.297,66		793
2. Merchandise	578.477,01		357
3. Payments in advance	190.094,80		0
		1.116.869,47	1.150
II. Receivables and other assets			
1. Trade receivables	9.006.056,05		12.952
2. Receivables from affiliated companies	207.273,33		351
3. Receivables from companies in which equity investments are held	4.111.711,06		2.953
4. Other assets	953.256,31		1.499
		14.278.296,75	17.755
III. Securities			
Other securities		910.000,00	960
IV. Cash on hand, bank balances		16.305.326,87	9.014
C. PREPAID EXPENSES			
		1.622.389,11	1.189
		39.238.657,97	**35.141**

CENIT Aktiengesellschaft Systemhaus, Stuttgart BALANCE SHEET as of 31 December 2009		31 Dec. 2009	31 Dec. 2008
	EUR	EUR	EUR k
EQUITY AND LIABILITIES			
A. EQUITY			
I. Subscribed Capital		8.367.758,00	8.368
Conditional capital EUR 520,000.00 (PY: EUR 520 k)			
II. Capital reserves		1.058.017,90	1.058
III. Revenue reserves			
1. Legal reserve		418.387,90	418
2. Other revenue reserves		10.970.955,48	8.071
IV. Net retained profit		3.906.741,48	2.993
		24.721.860,76	**20.908**
B. PROVISIONS			
1. Tax provisions	390.097,96		553
2. Other provisions	5.639.849,14		4.352
		6.029.947,10	**4.905**
C. LIABILITIES			
1. Loans to banks	0,00		0
2. Payments received on account of orders	886.491,52		2.270
3. Trade payables	4.110.226,38		2.784
4. Liabilities to affiliated companies	116.033,12		2.167
5. Liabilities to companies in which equity investments are held	37.974,63		40
6. Other liabilities	1.740.060,97		2.067
Thereof as part of social insurance programs			
EUR 0 (PY: EUR 0 k)			
Thereof for taxes			
EUR 1,569,963.91 (PY: EUR 1,734 k)			
		6.890.786,62	**9.328**
D. DEFERRED INCOME			
		1.596.063,49	**0**
		39.238.657,97	**35.141**

CENIT Aktiengesellschaft Systemhaus, Stuttgart

Income statement for the period from 1 January to 31 December 2009

		2009	**2008**
	EUR	EUR	EUR k
1. Revenue		81.585.744,60	75.577
2. Increase or decrease of work in process		-444.232,99	32
3. Other operating income		1.147.131,22	1.128
		82.288.642,83	76.737
4. Cost of materials			
a. Cost of raw materials, consumables, and supplies of purchased merchandise	16.883.348,49		14.377
b. Cost of purchased services	9.914.392,86		8.017
		26.797.741,35	22.394
5. Personnel expenses			
a. Salaries	31.978.582,68		30.001
b. Social security costs	5.427.580,89		5.331
		37.406.163,57	35.332
6. Amortization and depreciation of intangible assets and property, plant and equipment		1.112.969,69	1.018
7. Other operating expenses		13.642.786,64	15.753
		3.328.981,58	2.240
8. Income from equity investments Thereof from affiliated companies: EUR 2,146,376.97 (PY: EUR 1,992 k)		2.146.376,97	1.993
9. Other interest and similar income including write-ups on securities classified as current assets Thereof from affiliated companies: EUR 0 (PY: EUR 0 k)		258.957,16	593
10. Impairment of trade securities		50.000,00	40
11. Interest and similar expenses Thereof to affiliated companies: EUR 47,266.78 (PY: EUR 55 k)		66.148,95	175
12. Result from ordinary activities		5.618.166,76	4.611
13. Extraordinary results		473.357,07	0
14. Income taxes	1.277.427,72		1.674
15. Other taxes	53.636,82		92
		1.331.064,54	1.766
16. Net Income for the Year		**3.813.745,15**	**2.845**

Statement of changes in fixed assets
CENIT Aktiengesellschaft Systemhaus, Stuttgart

in EUR	Acquisition and production cost					Accumulated depreciation and amortisation				Net book values	
	As of 1 Jan. 2009	Additions	Additions from merger	Disposals	As of 31 Dec. 2009	As of 1 Jan. 2009	Additions	Disposals	As of 31 Dec. 2009	As of 31 Dec. 2009	As of 31 Dec. 2008
I. Intangible Assets											
Franchises, industrial and similar rights and assets and licenses in such rights and assets	1.431.279,20	127.257,19	30.673,90	0,00	1.589.210,29	1.145.855,74	205.869,96	0,00	1.351.725,70	237.484,59	285.423,46
II. Property, plant and equipment											
1. Land and Buildings including buildings on Third-party Land	881.809,13	0,00	675.840,68	0,00	1.557.649,81	556.349,46	127.369,94	0,00	683.719,40	873.930,41	325.459,67
2. Plant and machinery	6.609.975,50	487.990,68	27.618,04	363.566,73	6.762.017,49	5.458.051,40	684.738,53	338.899,42	5.803.890,51	958.126,98	1.151.924,10
3. Other equipment, furniture and fixtures	583.916,07	152.340,97	37.065,95	3.955,18	769.367,81	418.644,93	94.991,26	2.304,86	511.331,33	258.036,48	165.271,14
Total	8.075.700,70	640.331,65	740.524,67	367.521,91	9.089.035,11	6.433.045,79	907.099,73	341.204,28	6.998.941,24	2.090.093,87	1.642.654,91
	9.506.979,90	767.588,84	771.198,57	367.521,91	10.678.245,40	7.578.901,53	1.112.969,69	341.204,28	8.350.666,94	2.327.578,46	1.928.078,37
III. Financial Assets											
1. Shares in affiliated companies	7.131.607,78	0,00	0,00	2.467.861,12	4.663.746,66	4.038.103,60	0,00	0,00	4.038.103,60	625.643,06	3.093.504,18
2. Equity Investments	52.554,25	0,00	0,00	0,00	52.554,25	0,00	0,00	0,00	0,00	52.554,25	52.554,25
3. Longterm securities	0,00	2.000.000,00	0,00	0,00	2.000.000,00	0,00	0,00	0,00	0,00	2.000.000,00	0,00
Total	7.184.162,03	2.000.000,00	0,00	2.467.861,12	6.716.300,91	4.038.103,60	0,00	0,00	4.038.103,60	2.678.197,31	3.146.058,43
	16.691.141,93	2.767.588,84	771.198,57	2.835.383,03	17.394.546,31	11.617.005,13	1.112.969,69	341.204,28	12.388.770,54	5.005.775,77	5.074.136,80

CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, STUTTGART

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2009

A. General

These financial statements have been prepared in accordance with Sec. 242 et seq. and 264 et seq. HGB (German Commercial Code - "Handelsgesetzbuch") as well as in accordance with the relevant provisions of the AktG (German Stock Corporation Act - "Aktiengesetz"). The Company is subject to the requirements drawn up for large incorporated companies. The standards of the DRSC (German Accounting Standards Committee - "Das Deutsche Rechnungslegungs-Standards Committee e.V.") have been complied with as far as they are applicable to these financial statements.

The income statement has been prepared in accordance with the nature of expense method (“Gesamtkostenverfahren”).

Taking an effect on May 1, 2009 the previous subsidiary, cad scheffler GmbH Oelsnitz, was merged with CENIT AG Systemhaus. The accounting and valuation of the absorbed assets and liabilities were carried at carrying amounts in compliance with § 24 of the UmwG (German Transformation Act - "Umwandlungsgesetz"). The comparability of the financial and income position of CENIT AG was not thereby substantially affected.

B. Accounting and valuation methods

The accounting and valuation methods, which – except for the change mentioned below - remained unchanged in comparison to the prior year, have been used to prepare the financial statements.

In the fiscal year 2009, payments received in advance for future license fees to the amount of EUR 1,596 k are recognised under deferred income. In the preceding year, the payments received in advance amounted to EUR 1,380 k and have been recorded under liabilities. This change was processed in analogy to prepaid license fees which are recognized as prepaid expenses. The changed representation had no influence on the financial position and financial performance of the company.

Purchased **intangible assets** are capitalized at acquisition cost and, if they have a definite life, are reduced by systematic amortization on a straight-line basis in accordance with their useful lives. Additions are amortized on a pro rata temporis basis. Low-value intangible assets with a net value of up to EUR 150.00 per item (up to EUR 410.00 until December 31, 2007) are fully expensed in the year of acquisition with their immediate disposal being assumed. The catch-all item for low-value assets with a net value of between EUR 150.00 and EUR 1,000.00 acquired after December 31, 2007 is written down over the customary useful life of 3 years.

The **property, plant and equipment** are capitalized at acquisition or production cost as required by tax law (mandatory inclusion as assets) and, if they have a limited life, are reduced through systematic depreciation.

Amortization and depreciations is recorded over the customary useful life using the straight-line method. Low-value assets with a net value of up to EUR 150.00 per item (up to EUR 410.00 until December 31, 2007) are fully expensed in the year of acquisition, with their immediate disposal being assumed. The catch-all item for low-value assets, with a net value of between EUR 150.00 and EUR 1,000.00 acquired after December 31, 2007 is written down over the customary useful life of 3 years.

The absorbed assets in the context of the merger of cad scheffler GmbH have been recognized at their carrying amounts.

Financial assets are estimated at the lower of cost or market. The information on shareholdings is shown in attachment 1 to the notes.

Work in progress is valued at production cost or, in the case of a third-party work, at acquisition cost. Own work comprises direct labor and proportionate overheads for administration, depreciation and amortization and rent. Inventory risks are accounted for by making appropriate allowances where necessary.

Merchandise is recognized at the lower of cost or market as of the balance sheet date.

Receivables and other assets are stated at their nominal value. All identifiable specific risks are taken into account in the valuation. Regarding the general credit risk, a general allowance of 1% (prior year: 1%) was established. Non-interest-bearing receivables due in more than one year are discounted.

Securities are valued at the lower of cost or market as of the balance sheet date.

Provisions account for all foreseeable risks and contingent liabilities and are assessed on reasonable and prudent business judgment. As far as the underlying obligation contains an interest portion or presents a pension obligation without compensation (partial-transition retirement plan), then the provision is established at the net present value with a rate of return of 4.5% to 5.5%. The provision for general warranties was recorded in the reporting year at 0.5% of revenue (prior year 0.5%). In specific warranty cases, a provision to the amount of EUR 25 k (previous year EUR 0 k) was established.

Liabilities are recorded at the amount repayable.

CENIT Aktiengesellschaft Systemhaus, Stuttgart

List of shareholdings as of December 31, 2009

Nr.	Name and Location	Currency	Interest %	of	Subscriped Capital (LC k)	Equity l (LC k)	Net income/ loss (LC k)
1	Cenit (Schweiz) AG, Frauenfeld/Schweiz	CHF	100.0	1	500	2,411	1,095
2	CENIT NORTH AMERICA INC., Auburn Hills/USA	USD	100.0	1	25	830	-189
3	Cenit SRL, Iasi/Rumänien	ROL	100.0	1	344	1,013	466
4	Cenit France SARL Toulouse/Frankreich	EUR	100.0	1	10	59	37
5	CenProCS AIRliance GmbH Stuttgart/Deutschland	EUR	33.3	1	150	141	-4

Currency translation

To determine the acquisition costs of affiliated companies, those amounts in foreign currencies are converted using the exchange rate of the acquisition date.

Receivables and liabilities in foreign currencies are converted based on the exchange rate on the date of their inception; if the exchange rate on the balance sheet date is lower for receivables or higher for liabilities, they are then valued at the exchange rate prevailing on the balance sheet date.

Revenue proceeds are, in the context of the normal business activity, accumulating revenues. Turnovers are shown in net, i.e. without sales tax and less sales deduction. Revenues are recognised, when during a delivery the risk has been transferred to the client, or, when with accomplished services, the contractually owed service has been rendered. The realization of revenue proceeds from licensing sales depends on whether the rights of use have been issued on a definite or indefinite term basis. When licensing deals are made, which provide the licensee with a temporarily limited right of use, then the revenue proceeds are collected on a straight line basis over the contracted period. When the licensing deal makes way for an unlimited period of usage rights then the regularly payable one-off license fee (PLC) is recognized as revenue at the moment of the signing the contract. The annual license fees (ALC) are recognized as revenue proceeds on a pro-rata basis.

C. Notes to the balance sheet and income statement

I. Balance sheet

1. *Fixed assets*

The development of fixed asset items is presented separately in the statement of changes in fixed assets (attachment 2).

2. *Financial assets*

The information on shareholdings is shown in attachment 1 to the notes.

3. *Inventories*

Own work included in 'work in progress' comprises consulting and other services only, which were valued at production cost. In addition to directly attributable costs, it includes allocable overheads and depreciations. General administration costs were capitalized proportionally.

Merchandise include project-related, acquired software. Individual items of merchandise items were written down in the case of slow-moving stock or due to obsolescence or reduced usability.

4. *Receivables and other assets*

Trade receivables from goods and services, receivables from affiliates and receivables from other companies in which equity investments are held have a remaining life term of up to one year.

The **receivables from affiliates** to the amount of EUR 207 k (previous year EUR 351 k), as well as the **receivables from other companies in which equity investments are held** to the amount of EUR 4,112 k (previous year EUR 2,953 k) stemmed entirely from supplies and services.

Other assets primarily consist of EUR 708 k (previous year EUR 1,371 k) of assets relating to tax refund claims. This includes EUR 101 k (previous year EUR 701 k) in tax refund claims from double taxation treaties, corporate income tax and solidarity surcharge, trade tax and the credit balance of EUR 606 k from the tax moratorium (previous year EUR 670 k). The credit balance to the amount of EUR 520 k from the tax moratorium is long-term with a remaining life term of more than one year. The balance from the tax moratorium came into existence on December 31, 2006. It is not subject to interest and has been discounted by 4 % to its present value. Payment is due between 2008 and 2017 in 10 equal annual amounts.

5. *Prepaid Expenses*

	2009 EUR k	2008 EUR k	Change EUR k
Accrued rights of license use	1,467	1,046	421
Other accrued expenses	155	143	12
	1,622	1,189	433

These consist primarily of prepaid license fees, as well as prepaid expenses for rights of usage and automotive insurance.

6. *Equity*

Stock capital

As per the most recent entry in the commercial register on August 14, 2006, the share capital of the Company amounts to EUR 8,367,758.00 and has been fully paid in. It is divided into 8,367,758 shares of EUR 1.00 each. The shares are made out to the bearer and are all no-par value common shares.

Authorized capital

The management board is authorized, with the consent of the supervisory board, to increase the nominal stock capital of the Company once or in several installments with a total amount of up to EUR 4,183,879 (authorized capital) onwards until June 13, 2011 by issuing up to 4,183,879 new no-par value bearer shares in return for contributions in cash or in kind.

The shareholders are to be granted subscription rights. The new shares may also be offered to one or several banks, as well as to one or more credit institutions operating pursuant to § 53 (1) sentence 1 or § 53b (1) sentence 1 or (7) of the KWG (German Banking Act - "Gesetz über das Kreditwesen") with the obligation of offering them for sale to the shareholders (indirect subscription right).

However, the management board is authorized with the approval of the supervisory board, to preclude the shareholders' statutory subscription rights, as follows:

- for a part amount totaling up to EUR 1,945,600.00 in the case of capital increases in return for contributions in kind for the purpose of acquiring companies or equity investments in companies. Companies or equity investments in companies may only be acquired if the business purpose of the target company essentially lies within the scope of the Company's business purpose pursuant to § 2 (1) of the articles of incorporation and bylaws;

- for a part amount totaling up to EUR 836,775.00 in the case of capital increases in return for contributions in cash to issue the new shares at an issue price not significantly lower than the stock market price (§ 186 (3) Sentence 4 AktG (Public Companies Act).

If the management board does not make any use of the above mentioned authorizations to preclude subscription rights, then the shareholders' subscription rights may only be precluded for fractional amounts. The management board is authorized, with the approval of the supervisory board, to determine the other details concerning performance of capital increases from authorized capital, including the further content and terms and conditions of the issue of shares.

After an increase in share capital utilizing the authorized capital in full or in part and, if the authorized capital has not been used or not used in full by the end of June 13, 2011, the supervisory board is authorized to adjust Art. 5 of the articles of incorporation and bylaws accordingly after expiry of the period of authorization.

Contingent capital

The conditional capital comprises the following as of the balance sheet date:

	31 Dec 2009 Number	31 Dec 2008 Number		31 Dec 2009 EUR	31 Dec 2008 EUR
Stock option plan 2002/2006	520,000	520,000		520,000	520,000
	520,000	520,000		520,000	520,000

Stock option plan 2002/2006

By resolution of the shareholders meeting on June 13, 2006, the Company conditionally increased its share capital by up to EUR 520,000.00 by issuing up to a total of 520,000 individual no-par value bearer shares (common stock). The conditional capital increase is for granting shares to bearers of options, which the management board was authorized to issue on the basis of the resolution by the shareholders meeting on June 19, 2002 as passed in the shareholders resolution of June 13, 2006. The conditional capital increase is only to be carried out to the extent that the bearers of the options exercise their rights, which were granted on the basis of authorization by the shareholders meeting on June 19, 2002 as passed in the shareholders resolution of June 13, 2006. The new shares are entitled to share in profits from the beginning of the fiscal year in which they are created through the exercising of the subscription rights. The management board is authorized, with the approval of the supervisory board, to decide on further details of the conditional capital increase and its implementation.

Terms and conditions of the 2002 stock option plan as amended by the shareholders' resolution on June 13, 2006

The subscription rights may only be offered for acquisition to certain CENIT Group employees, consisting of members of the management board of CENIT Aktiengesellschaft Systemhaus (group 1), employees of CENIT Aktiengesellschaft Systemhaus (group 2), members of the executive bodies of affiliates as defined by §§ 15 et seq. of the AktG (group 3), as well as employees of affiliates as defined by §§ 15 et seq. of the AktG (group 4).

A total of up to 20% of the subscription rights may be issued to group 1, up to 50% to group 2, up to 10% to group 3, and up to 20% to group 4. The subscription rights may only be exercised in full after expiry of a period of 2 years from the date of issue and be „converted" into shares in return for payment of a subscription price once one of the performance targets has been reached.

Subscription rights may only be exercised if one of the following criteria is fulfilled:

- when the average closing share price of the common stock on the Frankfurt Stock Exchange, during the last five trading days before the beginning of the exercise period (adjusted for possible interim capital measures taken by the Company), amounts to at least 135 percent of the Company's share price on the date of the decision taken by the management board or the supervisory board to issue the subscription rights. Or:
- when the further development of the CENIT shares - adjusted for any interim dividend payments, subscription rights, and other special rights having occurred in the meantime - between issuance of the subscription rights and the exercising of the subscription rights, is at least 15 % higher than the development of the technology all share index over the same period of time.

After expiry of the vesting period, the exercising of the subscription rights, as well as the purchasing of the shares - purchased by the exercising of the subscription rights - may only take place on the 4th bank working day and during the next 14 bank working days following publication of a quarterly report, interim report or annual financial statements of the Company.

Decisive for the determination of the value of the CENIT shares at the time of issuance of the subscription rights is the closing price of the Company's common stock in the XETRA (Exchange Electronic Trading) trading (or in the place of the XETRA system, a functionally corresponding successor system) technology all share index on the day of the management board's decision, i.e. the supervisory board decision, to issue or not.

The subscription rights are not transferable and can only be exercised by the entitled persons. However, in the event of death, the entitled person’s statutory heirs may inherit the subscription rights.

The subscription rights have a term to maturity of 6 years. If the subscription rights cannot be exercised before the end of their term, they automatically expire at the end of their term, especially without the necessity of a corresponding contract or declaration of expiry from the Company.

In the case that capital is increased from Company funds (bonus shares), the share capital of the Company is split (stock split) or if the capital is reduced, then the number of subscription rights granted to the eligible persons, the exercise price and the performance target are adjusted in proportion to the increase or decrease in the number of no-par value shares. The new exercise price is determined immediately after such measure becomes effective and announced to the beneficiaries.

In the event of procedures in compliance with §§ 327a et seq. AktG for subscription rights not exercised under this stock option plan, the provision of §§ 327a et seq. AktG apply to the subscription rights subject to the following condition:

The subscription rights are transferred to the majority shareholder upon filing of the transfer resolution with the commercial register. The (previous) eligible persons have a right to compensation in cash. This claim occurs regardless of whether the subscription rights were exercisable or not. The value of the right to compensation is measured based on the amount of the shareholders' right to compensation in cash pursuant to §§ 327b, 327f AktG less the subscription or exercise price.

The following table illustrates the number and weighted average exercise price (WAEP) of the share options granted:

	2009 Number	2009 WAEP	2008 Number	2008 WAEP
Management Board	39,000	11.10	39,000	11.10
Employees	168,000	11.10	168,000	11.10
Of which expired	8,000	11.10	8,000	11.10
Total	199,000	11.10	199,000	11.10

There is no change to the reserve created for this purpose.

The weighted average remaining term of the contract for the outstanding stock options as of December 31, 2009 comes to 2 years (2008: 3 years).

The weighted average fair value of options granted amounted to 640 EUR k (previous year EUR 640 k) and was recognized over the vesting period of 2 years as an increase in the capital reserve.

The fair value of the equity-settled stock options granted is estimated as of the date of granting by using the Black-Scholes option pricing model taking account of the terms under which the options were granted. The calculation was based on the following parameters:

Black-Scholes option pricing model

Dividend yield (%)	1.35
Expected volatility of the share (%) (=historical volatility (%))	38.16
Risk-free interest rate (%)	2.77
Anticipated term of the option (years)	4
Weighted average share price (EUR) -before capital increase-	22.20

The anticipated term of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other features of options granted were incorporated into the measurement of fair value.

In the fiscal year 2009 no stock options were issued to employees.

7. *Capital reserves*

The capital reserve remained unchanged in the fiscal year, at EUR 1,058,017.90.

8. *Legal reserve*

The legal reserve remained unchanged in comparison to the previous year with EUR 418,387.90.

9. *Other revenue reserves*

Other revenue reserves changed as follows:

	EUR
January 1, 2009	8,070,955.48
Transfer from the net earnings 2008 by the annual general meeting	2,900,000.00
December 31, 2009	10,970,955.48

10. *Net retained profit*

	EUR
Net retained profit as of January 1, 2009	2,992,996.33
Additions to other revenue reserves	-2,900,000.00
Profit carried forward	92,996.33
Net income for 2009	3,813,745.15
Net retained profit as of December 31, 2009	3,906,741.48

The net retained profit includes profit carried forward from prior years of EUR 92,996.33.

11. *Provisions*

Other provisions essentially comprise provisions for personnel expenditures to the amount of EUR 1,982 k, provisions for general warranties to the amount of EUR 415 k, provisions for outstanding supplier invoices to the amount of EUR 1,680 k and provisions for anniversary grant benefits to the amount of EUR 192 k.

The **tax provision** includes a provision for business tax for previous years totaling EUR 4 k and from the current fiscal year of EUR 1 k and EUR 385 k for corporate income tax and the solidarity surcharge.

12. *Liabilities*

The liabilities are due within one year.

The retentions of title that are customary for the industry are in place for **trade liabilities**.

In the fiscal year 2009, the obligations from advances received from licensing sales for future periods are recorded in the prepaid expenses. In the preceding year, the advances received have been recognized within the liabilities (previous year EUR 1,380 k) without causing an influence on the financial position. The liabilities to affiliated companies consist of trade liabilities totaling EUR 116 k (previous year EUR 202 k). Liabilities from cash transfer were repaid in 2009 (previous year EUR 1,884 k).

The liabilities to companies in which equity investments are held contain trade payables to the amount of EUR 38 k (previous year EUR 40 k). The liabilities to affiliated companies consist of advances received to the amount of EUR 40 k (previous year EUR 82 k).

II. Income Statement

1. *Revenue*

	2009 EUR k	2008 EUR k
Services	49,559	48,886
Merchandise	868	3,085
Software	11,597	11,169
License fees	18,805	11,193
Commission	757	1,244
	81,586	75,577

80% of the revenue was generated within Germany, 15% in other EU countries and 5% in other countries.

2. *Other operating income*

The other operating income includes, among others, income from the allocation of payroll costs, insurance premium refunds, rental income from subletting and income from the reversal of provisions of EUR 69 k (previous year EUR 63 k).

3. *Personnel expenses*

	2009 EUR k		2008 EUR k
Salaries	31,979		30,001
Social security contributions	5,427		5,331
	37,406		35,332

The expenses for old-age care amount to EUR 9 k (preceding year EUR 1 k).

4. *Other operating expenses*

Total other operating expenses decreased by 13% compared to the previous year through initiated savings measures to EUR 13,643 k (EUR 15,753 k). Other operating expenses are mainly composed of rent and rent incidentals, vehicle costs, travel expenses, commission and marketing expenses.

5. *Financial and interest result*

The financial and interest result breaks down as follows:

Income from equity investments	2009 EUR k		2008 EUR k
CENIT (Switzerland) AG dividend	1,989		1,993
CENIT SRL Romania dividend	157		0
	2,146		1,993

Other interests and similar income:	2009 EUR k		2008 EUR k
Bank interest and interests from securities	233		303
Gains from marketable securities	0		253
Income from the tax moratorium	26		37
	259		593

Interest and similar expenses:	2009 EUR k		2008 EUR k
Interest expenses due to other affiliated companies	47		55
Guarantee commission	7		7
Tax arrears from the tax field audit for the period 2002-2007	12		113
	66		175

6. *Out-of-period proceeds/expenditures*

No real out-of-period proceeds and expenditures to report on.

7. *Extraordinary result*

In the context of the merger, the assets and liabilities of the former subsidiary cad scheffler GmbH were transferred to the CENIT AG Systemhaus taking effect on 1 May 2009. The carrying amount of the equity investment as of April 30, 2009 amounting to EUR 2,647 k has been settled with equity as of that date. A merger loss to the amount of EUR -473 k has been incurred.

8. *Income Taxes*

	2009 EUR k		2008 EUR k
Current corporate income tax expenses	582		401
Current solidarity surcharge expenses	32		22
Current trade tax expense	658		474
Prior year taxes	5		777
	1,277		1,674

The taxes include mainly the corporation tax which emerged in the current fiscal year and the solidarity surcharge of EUR 614 k and trade tax of EUR 658 k. The merger loss caused by the merger of cad scheffler GmbH amounting to EUR 473,357.07, is according to § 12 (2) sentence 1 of the UmwStG (German Transformation Act), not deductible for tax purposes, which resulted in no income tax relief.

9. *Other taxes*

Other taxes include property taxes in the amount of EUR 1 k, and motor vehicle taxes in the amount of EUR 53 k (previous year EUR 51 k).

10. *Proposal for the appropriation of profits*

The management board and supervisory board of the Company propose the following appropriation of net retained profit to the annual general meeting:

	EUR
Net retained profit	3,906,741.48
Dividend payout (30 cents per dividend-bearing share of 8,367,758)	2,510,327.40
Addition to the reserves	
a) Legal reserves	
b) Other revenue reserves	1,300,000.00
Profit carryforward	96,414.08

11. *Audit and advisory fees of the auditor*

	2009 EUR k		2008 EUR k
Fees for the audit of the financial statements and consolidated financial statements	101		94.5
including out-of-period fee for the auditing of the previous year	(3)		0
Fees for other services	0		5.0
Total	98		99.5

D. Other notes

1. Personnel

During the fiscal year an average of 644 (previous year 618) employees were employed, of which 62 (previous year 60) were trainees.

2. Contingent liabilities and other financial obligations

There are **obligations** from rent and lease agreements amounting to EUR 6.6 million (previous year million EUR 7.6).

3. Company boards

The following persons have been appointed as **members of the management board**:

- Dipl.-Wirt.-Ing. Christian Pusch, Waldachtal, spokesman of the management board of CENIT AG, field of responsibility: finance, organization, personnel, marketing, investor relations
- Dipl.-Ing. Kurt Bengel, Waiblingen, field of responsibility: operations

The following members make up the **supervisory board**:

- Dipl.-Ing. Andreas Schmidt (independent management consultant), Ahrensburg, chairman
- Dipl.-Kfm. Hubert Leypoldt (independent German public auditor, tax advisor, legal counsel), Dettingen/Erms, deputy chairman
- Dipl.-Ing. Andreas Karrer, Leinfelden-Echterdingen, employee representative

The supervisory boards have no further supervisory board positions.

In the reporting period, the remuneration of the management board members was as follows:

In EUR k	2009	2008
Christian Pusch		
Fixed remuneration	248	234
Performance-related remuneration	36	25
Long-term incentive	0	0
Kurt Bengel		
Fixed remuneration	224	192
Performance-related remuneration	36	26
Long-term incentive	0	0
Total	544	477

Under the stock option plan, the commitment of 24,000 stock options for Mr. Christian Pusch remains unchanged. For Mr. Kurt Bengel the commitment of 15,000 stock options remains unchanged. In the reporting year, the expense came to € 0 k (previous year € 0 k).

The board member Kurt Bengel has an additional claim to a severance payment when his activities come to an end amounting to 50% of the final annual fixed remuneration subject to the proviso that his appointment to the management board does not extend beyond the year 2011.

The employment contracts of Mr. Pusch and Mr. Bengel contain compensation payments pursuant to § 74 HGB for the term of a one-year no-competition clause, as well as full remuneration of six months paid to the surviving dependents of deceased management board members.

No further pension obligations or benefits were promised in the event of termination of service.

In accordance with § 14 of the articles of incorporation and bylaws, the remuneration of the supervisory board was as follows in 2009:

	Fixed remuneration	Performance-related remuneration	Fixed remuneration	Performance-related remuneration
	EUR k	EURk	EURk	EUR k
	2009	**2009**	**2008**	**2008**
Andreas Schmidt	30	0	17.5	0
Hubert Leypoldt	22.5	0	22.5	0
Andreas Karrer	15	0	8.75	0
Falk Engelmann	0	0	12.5	0
Dr. Dirk Lippold	0	0	6.25	0
	67.5	0	67.5	0

The D&O insurance was continued in fiscal 2009 for the management board members, supervisory board members and other executives. The premiums of EUR 24,544 (previous year EUR 22,312) were carried by the company.

The management board held no shares as of the balance sheet date. As of the balance sheet date, the supervisory board held 193,293 shares, i.e. 2.31% of the company's capital stock.

4. *Changes at shareholder level*

In a letter dated February 21, 2007 the Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte announced that their voting powers had exceeded the threshold of 3%. The communication in compliance with § 21 (1) of the German Securities Trading Act ("WpHG") reads as follows:

„Dear ladies and gentlemen,

We are writing to notify you that the share of voting rights held by the Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte, Gartenstrasse 63, 72074 Tübingen in CENIT AG, Industriestrasse 52 - 54, 70565 Stuttgart, exceeded the threshold of 3% on February 20, 2007 and now stands at 3.94% (330,000 voting rights). Of this, 2.99% of the voting rights of the Baden-Württembergische Investmentgesellschaft mbH, Stuttgart and 0.95% from the Universal Investmentgesellschaft mbH, Frankfurt are to be attributed to us according to § 22 (1) No. 2 of the German Securities Trading Act ("WpHG") .

Yours sincerely

Dr. Hepp

Deputy Managing Director"

The Company received notification from the UNIVERSAL-INVESTMENT-GESELLSCHAFT mbH in the course of the fiscal year 2008 in accordance with § 21 (1) of the German Securities Trading Act ("WpHG"). The most recent notification is dated April 2, 2008 and is worded as follows;

„Dear ladies and gentlemen,

We are writing to notify you in accordance with § 21 (1) and 22 (1) No. 6 WpHG that our share in the voting rights of CENIT AG Systemhaus, Industriestrasse 52-54, 70565 Stuttgart, Germany (ISIN; DE0005407100) fell below the threshold of 3% on April 2, 2008 and on that day amounted to 2.92% (244,341 voting rights). We hold 0.51% (42,415 voting rights) directly and 2.41% (201,969 voting rights) are attributable to us in accordance with § 22 (1) No. 6 WpHG (special funds).

We sent a copy of this letter to the Federal Financial Supervisory Agency ("Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin").

Yours sincerely,

UNIVERSAL-INVSTMENT-GESELLSCHAFT MBH

Dr. Jäger Tamme"

In a letter dated October 7, 2008, Axxion S.A. announced that its share of voting rights exceeded the threshold of 3%. The communication in compliance with § 21 (1) of the German Securities Trading Act ("WpHG") reads as follows:

„Dear ladies and gentlemen,

We hereby notify you in accordance with § 21 (1) WpHG that our share of the voting rights in CENIT Systemhaus AG (ISIN: DE0005407100) exceeded the threshold of 3% on October 2, 2008 and now amounts to 3.05%.

Axxion S.A. stock 255,356 shares

Total in circulation: 8,367,750 shares

Yours sincerely

Axxion S.A.

Sinan Narin"

By letter dated November 13, 2008, Highclere International Investors Limited, London, notified the Company that its voting rights exceeded the 5% threshold. The communication in compliance with § 21 (1) of the German Securities Trading Act ("WpHG") reads as follows:

"Dear Sir/Madam,

Highclere International Investors Limited of 2, Manchester Squater, London, UK, herewith gives the following notice:

Notification pursuant to Sec. 21(1), 22 WpHG

Highclere Interantional Investors Smaller Companies Fund,

353 Bayberry Lane, Westport; CT 06880, USA

CENIT AG Systemhaus, Industriestraße 52 - 54, D-70565, Stuttgart, Germany

We hereby give notice, pursuant to sec. 21 para. I of the WpHG, that on 12 November, 2008 our voting interest in CENIT AG Systemhaus exceeded the threshold of 5% and amounts to 5.09% (426,053 voting rights in relation to the total of 8,367,758) on this day.

Yours faithfully,

Fergus Gilmour

Chief Operating Officer“

"Dear Sir/Madam,

Highclere International Investors Limited off 2, Manchester Square, London, UK herewith gives the following notice: Notification pursuant to Sec. 21 (1), 22 WpHG.

Highclere International Investors Limited 2, Manchester Square, London, UK

CENIT AG Systemhaus, Industriestraße 52 - 54, D-70565, Stuttgart, Germany

We hereby give notice, pursuant to sec. 21 para. 1 of the WpHG, that on November 12, 2008 our voting interest in CENIT AG Systemhaus exceeded the threshold of 5% and amounts to 5,21% (436,268 voting rights in relation to the total of 8,367,758) on this day. All voting rights are attributable to us in accordance with sec. 22 para. 1 Sent. 1 No. 6 of the WpHG. Voting rights are attributed to us by The Highclere International Investors Smaller Companies Fund and The Highclere (Jersey) International Smaller Companies Fund.

Yours faithfully,

Fergus Gilmour

Chief Operating Officer “

The Company received several notifications in accordance with § 21 (1) WpHG from UBS in the course of the fiscal year 2008.

"The UBS AG, Zurich, Switzerland, has informed us in accordance with § 21 (1) WpHG on May 26, 2009 that the voting right share in the CENIT AG Systemhaus, Stuttgart, Germany; ISIN: DE0005407100, WKN: 540710 on May 13, 2009 dropped below the threshold of 3% of the voting rights and amounts to 1.96% (that corresponds to 164318 votes). 1.79% of the voting rights (that corresponds 149,525 votes) are to be attributed to the Company in accordance with § 22 (1) No 1 of the WpHG. The UBS Fund Holding (Switzerland) AG, Basel, Switzerland has informed us in accordance with § 21 (1) of the WpHG on May 26, 2009 that its voting right share in the CENIT AG Systemhaus, Stuttgart, Germany, ISIN: DE0005407100, WKN: 540710 dropped on May 13, 2009 to below the threshold of 3% of the voting rights and on that day amounted to 1.79% (that corresponds to 149,525 votes). The company qualifies for 1.79% of the voting rights (that corresponds 149,525 votes) in accordance with § 22 (1) Sentence 1 No 1 of the WpHG.

The UBS Fund Management (Switzerland) AG, Basel, Switzerland informed us in accordance with § 21 (1) of the WpHG on May 26, 2009 that its voting right share in the CENIT AG Systemhaus, Stuttgart, Germany, ISIN: DE0006407100, WKN: 540710 dropped on May 13, 2009 below the threshold of 3% of the voting rights and amounted to 1.79% on that day (that corresponds 149,525 votes)."

In a notification dated November 11, 2009, Allianz Global Investors Kapitalanlagegesellschaft mbH announced that its share of voting rights dropped to below the threshold of 5%. The communication in compliance with § 21 (1) WpHG reads as follows:

"We hereby inform you pursuant to § 21 (1) WpHG that our share of voting rights in CENIT AG Systemhaus, Industriestrasse 52 - 54, 70565 Stuttgart dropped below the threshold of 5% on October 27, 2009 and on that day the total amount of voting rights amounted to 4.91 % of the total voting rights of the Company (representing a total of 410,548 out of a total of 8,367,758 voting rights).

From our share of voting rights, we qualify for 1.22% of the total voting rights (this corresponds to 102,109 out of a total of 8,367,758 voting rights) pursuant to § 22 (1) No 6 WpHG.

Mark Geitzenauer Ulrich Lind“

The Company received several notifications pursuant to § 21 (1) WpHG from LBBW Asset Management Investmentgesellschaft mbH in the course of the fiscal year 2009. The most recent notification is dated October 31, 2009 and is worded as follows;

„Dear ladies and gentlemen,

In accordance with § 21 (1) WpHG we would like to inform you that the share of voting rights of the LBBW Asset management Investmentgesellschaft mbH in the CENIT AG Systemhaus, Industriestraße 52 - 54, 70565 Stuttgart, Germany, on October 28, 2009 dropped on all our special assets below the threshold of 3% and amounts now in total to a share amount of 183,000.00 shares, which corresponds to 2.187% of the total amount of votes.

Of these, 1.195% (100,000.00) shares pursuant to § 22 (1) No 6 WpHG are to be attributed to us.

Yours sincerely

LBBW Asset Management Investmentgesellschaft mbH

Corinna Krüger Carmen Teufel“

In a notification dated November 16, 2009, Ratio Asset Management LLP announced that its share of voting rights exceeded the threshold of 3%. The communication in compliance with § 21 (1) WpHG reads as follows:

"Dear Fabian,

Re: Ratio Asset Management LLP-Notification pursuant to § 21 (1) WpHG

Interest in: CENIT AG Systemhaus, located at Industriestraße 52 - 54, 70565 Stuttgart, Germany.

We hereby give notice, pursuant to § 21 para. 1 of the WpHG, that on November 13, 2009 the voting interest held in CENIT AG Systemhaus (located at Industriestraße 52 – 54, 70565 Stuttgart, Germany) exceeded the threshold of 3% amounting to 3,13% (262,128 of the voting shares) on this day.

3.13% of the voting rights (262,128) are attributable to us in accordance with sec 22 para. 1 sent. 1 No. 6 of the WpHG.

Yours sincerely,

Paul Brunsden“

E. Group relationships

In compliance with § 315a (1) HGB, the Company prepares consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS).

F. Declaration pursuant to § 161 AktG on the German Corporate Governance code

The management board and supervisory board of the Company have issued the declaration for 2009 required by § 161 AktG and made it permanently available to the shareholders on the homepage of the Company (www.cenit.de).

Stuttgart, February 19, 2009

CENIT Aktiengesellschaft Systemhaus

The management board

Christian Pusch
(Spokesman of the management board)

Kurt Bengel

G. Audit Opinion

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of CENIT Aktiengesellschaft Systemhaus, Stuttgart, for the fiscal year from January 1 to December 31, 2009. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and the supplementary provisions of the Articles of Incorporation and Bylaws are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB ["Handelsgesetzbuch": German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the 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 the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and the supplementary provisions in the Articles of Incorporation and Bylaws and 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. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development."

Stuttgart/Leonberg, February 26, 2010

BDO Deutsche Warentreuhand Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Andreas Müller	ppa. Martin Helmich
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

RESPONSIBILITY STATEMENT IN THE ANNUAL FINANCIAL REPORT

(Financial Report)

After considering comments received, the German Accounting Standards Board (GASB) agreed at its 114th meeting on the following wording of the responsibility statement required by section 37y no. 1 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with sections 297(2) sentence 2 and 315(1) sentence 6 of the Handelsgesetzbuch (HGB – German Commercial Code) for the financial statements:

"To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the corporation, and the management report includes a fair review of the development and performance of the business and the position of the corporation, together with a description of the principal opportunities and risks associated with the expected development of the corporation."

For the sake of completeness, it should be noted that if an entity is obliged to prepare an annual financial report in accordance with section 37v(1) and (2) of the WpHG, it must also comply with the requirements of sections 264(2) sentence 3 and 289(1) sentence 5 of the HGB (single-entity financial statements).

The management board

Christian Pusch

Kurt Bengel

CORPORATE GOVERNANCE KODEX

Declaration of Conformity CENIT AG Systemhaus pursuant to §161 German Stock Corporation Act on the German Corporate Governance Kodex as amended on 18 June 2009

The following Declaration of Conformity refers to the German Accounting Law Modernisation Act (BilMoG) as amended on 29 May 2009.

The following Declaration of Conformity refers to the German Accounting Law Modernisation Act (BilMoG) as amended on 29 May 2009.

The Board of Directors and the Supervisory Board of CENIT AG Systemhaus declare that Recommendations of the "Government Commission on the German Corporate Governance Code", as published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette, have been and are being observed, subject to the exceptions listed below. Previous and current deviations from the Code are represented below; the respective text of the Code is given in italics.

- No. 2.3.4 *The company should make it possible for shareholders to follow the General Meeting using modern communication media (e.g. Internet).*

  CENIT AG Systemhaus has not complied with this recommendation because the annual shareholders' meeting has not yet decided to revise the articles of association which allows coverage in sound and vision.

- No. 3.8 Sentence 3 of the Code (Own-risk retention for D&O liability insurance)

  Where the Company concludes D&O liability insurance for the Board of Directors and the Supervisory Board, appropriate own-risk retention shall be determined.

  CENIT AG Systemhaus has not complied with this recommendation in the past. The directors' and officers' liability insurance for consequential loss (D&O insurance), as concluded for the members of the Company's Board of Directors and Supervisory Board, as well as for the managing bodies of the consolidated majority subsidiaries, covers only negligent rather than deliberate breaches of duty. For the time being, own-risk retention for cases of negligent breaches of duty is not being considered which will be adapted 2010 according to legal requirements.

- No. 5.3.1 Sentence 1 of the Code (Creation of Committees)

  Subject to the specific circumstances of the Company and the number of its Members, the Supervisory Board shall create expert Committees.

  The Supervisory Board does not create regular Committees, but rather on an ad hoc basis depending on circumstances.

- No. 5.3.2 Sentence 1, first half-sentence of the Code (Creation of an Audit Committee)

  The Supervisory *Council* shall create an Audit Committee, [...]

  Due to its small membership, the Supervisory Board refrains from creating a separate Audit Committee. In the current Supervisory Board of CENIT there is at least one independent member who possesses the requested expert knowledge in audit and accounting. For that reason the Board is able to discuss with the auditor and the board of directors the provided annual financial statement, the group accounts as well as the consolidated group report.

- No. 5.4.7 Sentence 4 of the Code (Remuneration of Supervisory Board Members)

  In addition to a fixed remuneration, the Members of the Supervisory Board shall receive a success-based remuneration.

  CENIT AG Systemhaus has complied with this recommendation to the extent that § 14 para. 1 of the first Articles of Association provided for success-based remuneration in addition to a fixed remuneration. On 31 May 2000, the annual shareholders' meeting of CENIT AG Systemhaus amended § 14 para. 1 of the Articles of Association to the effect that Supervisory Board Members now receive only fixed remuneration. There are no plans to again revise this amendment of the Articles of Association.

The Supervisory Board and the Board of Directors, CENIT AG Systemhaus

Stuttgart, August 2009

Andreas Schmidt	Chairman, Supervisory Board
Hubert Leypoldt	Member, Supervisory Board
Andreas Karrer	Member, Supervisory Board
Christian Pusch	Speaker, Board of Directors
Kurt Bengel	Member, Board of Directors

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