ANNUAL REPORT 2007

CENIT AG SYSTEMHAUS

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CENIT AG SYSTEMHAUS

Annual Report 2007

CENIT Financial Statement 2007

NUMBER OF SHARES: 8,367,758

KEY RATIO

in Mill. EUR	Dec. 31, 2007	Dec. 31, 2006
Income Statement		
Sales	77,06	82,36
Gross profit	58,44	58,99
EBITDA	9,45	11,14
Operating returns (EBIT)	8,36	10,19
EBT	8,97	10,03
Netincome of the Group	6,12	8,40
Result per share (basic) in EURO	0,73	1,00
Result per share (diluted) in EURO	0,73	1,00
Number of employees at end of period	636	576
EBIT - Margin in %	10,9	12,4
Profit - Margin in %	7,9	10,2
Structure of the balance sheet		
Equity in ratio in %	72	62
Equity	26,18	24,30
Liabilities	10,43	14,91
Balance sheet total	36,61	39,21

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KOMPAKT 2007

CENIT Kennzahlen 1998 - 2007

in Mio EUR	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
		Kapitalerhöhung							Kapitalerhöhung/ Aktiensplit 1:4	
Stückzahl Aktien	8.367.758	8.367.758	4.183.879	4.183.879	4.183.879	4.183.879	4.183.879	4.183.879	4.183.879	1.000.000
Umsatz	77,06	82,36	74,30	74,91	70,48	94,00	118,90	118,55	79,49	61,60
EBITDA	9,45	11,14	10,23	8,19	3,55	2,26	-2,90	5,20	7,50	4,40
EBIT	8,36	10,19	9,41	7,51	2,48	-5,36	-7,80	1,30	3,21	5,00
Konzernergebnis	6,10	8,40	6,74	3,89	1,74	-7,39	-13,67	-0,59	5,90	3,20
Ergebnis pro Aktie in EUR	0,73	1,00	1,61	0,93	0,41	-1,77	-3,28	-0,15	0,80	0,41
Dividende pro Aktie in EUR	Vorschlag: 0,50	0,50	0,90 (inkl. Sonderdiv.)	0,30	-	-	-	-	0,25	0,13
Eigenkapitalquote in %	72,0	62,0	58,0	49,0	42,3	30,1	34,5	51,9	61,4	63,3
Cash Flow	9,9	10,0	9,0	8,5	4,9	-1,1	1,2	-13,1	5,0	2,9
Mitarbeiteranzahl	636	576	523	466	442	558	649	870	440	241

MARKTKAPITALISIERUNG STICHTAG 31.12.2007 : 77,23 MIO. EUR
ANZAHL DER AKTIEN : 8,3 MIO.
HANDELSVOLUMEN/TAG : 23.500 AKTIEN
AKTIENKURS IM JAHRESDURCHSCHNITT : 11,31
JAHRESHOCH : 14,60
JAHRESTIEF : 7,40

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COMPACT 2007

CENIT Key Data 1998 - 2007

in EUR millions	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
		Increase of capital							Increase of capital	
Number of shares	8,367,758	8,367,758	4,183,879	4,183,879	4,183,879	4,183,879	4,183,879	4,183,879	4,183,879	1,000,000
Total Revenue	77.06	82.36	74.30	74.91	70.48	94.00	118.90	118.55	79.49	61.60
EBITDA	9.45	11.14	10.23	8.19	3.55	2.26	-2.90	5.20	7.50	4.40
EBIT	8.36	10.19	9.41	7.51	2.48	-5.36	-7.80	1.30	3,21	5.00
Net Income	6.10	8.40	6.74	3.89	1.74	-7.39	-13.67	-0.59	5.90	3.20
EPS in EUR	0.73	1.00	1.61	0.93	0.41	-1.77	-3.28	-0.15	0.80	0.41
Dividend per Share in EUR	Proposal: 0.50	0.50	0.90 (incl. extra dividend)	0.30	-	-	-	-	0.25	0.13
Equity ratio in %	72.0	62.0	58.0	49.0	42.3	30.1	34.5	51.9	61.4	63.3
Cash Flow	9.9	10.0	9.0	8.5	4.9	-1.1	1.2	-13.1	5.0	2.9
Number of employees	636	576	523	466	442	558	649	870	440	241

MARKET CAP RECORD DATE 31.12.2007 : 77.23 MIO. EUR
TOTAL NO. OF SHARES : 8.3 MIO.
AVG. DAILY VOLUME : 23,500 AKTIEN
AVGERAGE SHARE PRICE PER ANNUM : 11.31
HIGH : 14.60
LOW : 7.40

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CONTENT

PREFACE OF THE EXECUTIVE BOARD

DEAR SHAREHOLDERS, BUSINESS PARTNERS, CUSTOMERS AND OTHER INTERESTED PARTIES,

in 2007, we at CENIT continued to move consistently forward on our way from a purely regional provider of consulting services and software to an internationally oriented Group, as is the wish of our customers. This strategic course-setting will sustainably improve the Group's future operative capacity and profitability. With the determined expansion of our business in the US and the start-up of operations in Romania and France, our international orientation is gaining increasing significance. For this reason, we will continue to tackle the necessary challenges and investments in 2008, to continue to bring CENIT forward on an international level.

We are certain that in future, our double focus on software and consulting services will continue to have highly positive effects on the Group's earning power. We intend to further secure our strong competitive position through a targeted hiring policy. After all, our employees are the foundation of further profitable growth, and therefore our recruitment efforts will again receive close attention in 2008.

During the 2007 business year, the CENIT stock experienced great fluctuations, from an annual low of 7.40 EUR to an interim high of 14.60 EUR. On 31 December 2007, CENIT stocks traded on the XETRA at a value of 9.23 EUR. For 2008, we expect that our consistently profit-oriented growth strategy will continue to affect the share price positively, and that the CENIT stock will remain an attractive investment for domestic and international investors alike.

We wish to take this opportunity to express our special thanks to you, our shareholders, for the confidence you have shown in our work.

At the same time, we thank our employees for their exceptional commitment, and offer special thanks also to our customers for their confidence in our abilities.

Yours sincerely,
Your Board of Directors

Kurt Bengel *Christian Pusch*

Christian Pusch

Kurt Bengel

MANAGEMENT REPORT

CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, STUTTGART

COMBINED MANAGEMENT REPORT AND GROUP MANAGEMENT REPORT FOR FISCAL YEAR 2007

OVERALL ECONOMIC SITUATION

According to first estimates by the German Federal Statistical Office, the economy grew by 2.5% in relation to gross domestic product (GDP) in 2007, due to booming exports and a high level of investment by business. For the first time for many years, Germany achieved a balanced budget. According to the most recent, corrected statistical office data, the GDP rose by 2.9% in 2006. In the past year, strong growth impetus came from business where investment increased by 8.4%.

The Ifo Business Climate Index is published once a month by the Munich Institute for Economic Research (Ifo). This key indicator of German business opinion is based on survey of 7,000 businesses carried out once a month. The Ifo expects a slight slowdown in the economy as whole in 2008.

Bank analysts are also currently reckoning with a slowdown. Commerzbank, for example, deems a slowdown to be probable but still does not see any cause for concern that it will turn into recession. This bank expects economic growth to drop to 1.8% in the coming year, in contrast to the 2.5% recorded in 2007. Likewise, from Deka-Bank the message is that the positive Ifo data indicate there will "not be any reversal of the economic trend".

The Institute of German Business ["Institut der deutschen Wirtschaft" – IW] reported in its most recent business survey that German business is optimistic about the new year despite the strong euro and record oil prices. While businesses are currently more cautious than they were in the spring, they are still convinced that the upswing will continue. Accordingly, around 45% are working on the assumption of production increasing in 2008 and only around 12% are worried that it will drop. This optimism is reflected in a high level of investment activity and plans to increase staffing levels. IW related that more than 39% of the businesses surveyed were intending to spend more money in the coming year. Just under 16% of the companies surveyed were planning with a smaller budget. Almost one third of the companies surveyed was working on the assumption that they were going to hire additional staff in the coming year. "The export motor is running a little slower, but in no way is it sputtering yet," IW explained. 38% of the companies stated that their exports would continue to grow in 2008. Only 6% foresee a negative trend. Foreign trade was for a long time the key factor in the upswing. It was recently replaced by the growth in domestic demand, on which hopes are pinned again for 2008. In its forecast for 2008, the IW assumes that the German gross domestic product will grow by around 1.9% in real terms in 2008.

The Federal Association of German Wholesale and Foreign Trade (BGA) only expects the economy as a whole to grow by 1.7% in 2008. In the opinion of the association, this will be caused by the slowing impetus in foreign trade as a consequence of the real estate crisis in the USA. Domestic consumption is still too weak in comparison to maintain the growth rate experienced in the year 2007 of around 2.5%.

ECONOMIC CONDITIONS IN THE INDUSTRY - Information Technology

The German high-tech industry looks to 2008 with confidence. 78% of the companies surveyed expect an increase in sales revenue in the coming year. 16% reckon with stable business and only 6% are working on the assumption that sales revenue will drop. That was the result of the current industry survey by the German Association for Information Technology, Telecommunications and New Media (BITKOM). BITKOM expects demand for modern information and communication systems by business, government and consumers to continue to grow in the coming year. According to the survey, computers, software and IT services will be in most demand.

The 2007 end-of-year business was likewise successful according to the companies. One quarter of the suppliers of high-tech products and services anticipate better results, 70% expect sales revenue to remain at the same level as the prior year.

According to the survey, the employment situation in the IT industry greatly improved in 2007. A majority (56%) of the businesses surveyed are hiring additional employees while only 5% have to shed staff. It is most of all software companies and IT service providers that are searching for new employees. Graduate programmers and IT managers have the best prospects. In the BITKOM survey, 64% of businesses stated that the lack of IT experts is a hindrance to their business activities. This is the highest figure since the survey began in 2001. One exception to this employment trend is the telecommunications sector, where prices are currently under extreme pressure.

According to CIMDATA's market researchers the market for product life cycle management consultancy services and software is experiencing annual growth of around 14%. According to estimates by Gartner, the enterprise information management market is enjoying annual growth of 12%.

NET INCOME/LOSS FOR THE YEAR

DEVELOPMENT OF SALES AND EARNINGS

Sales by Customer Group / Industry: Fig. A

RESULTS OF OPERATIONS FOR THE GROUP

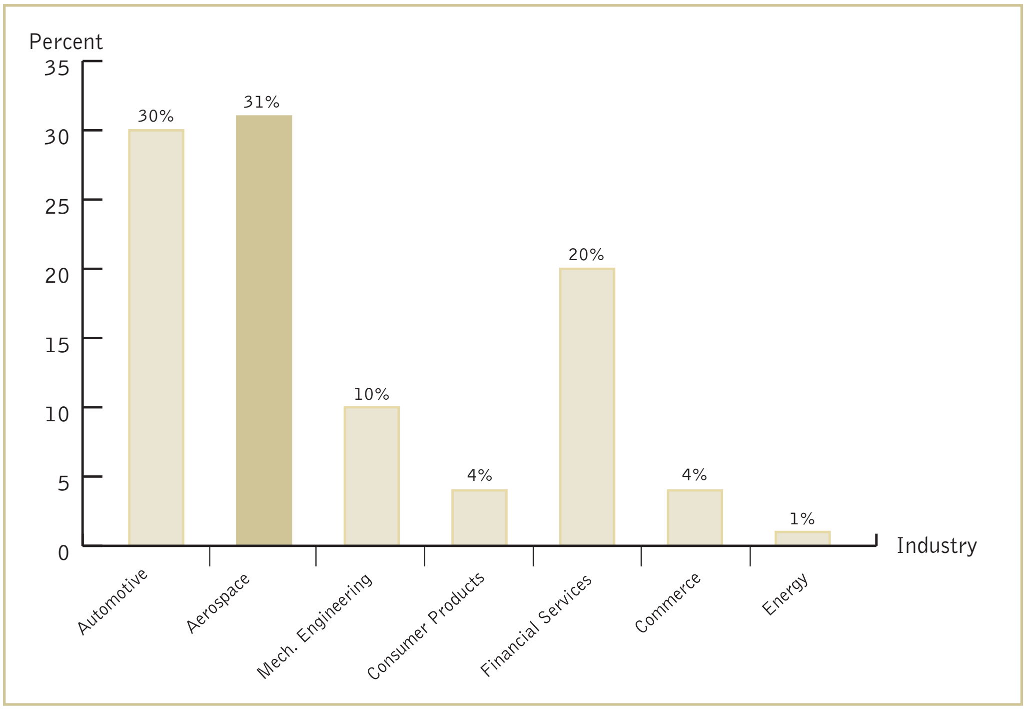
In the fiscal year 2007, CENIT recorded group sales revenue of EUR 77.1 million (2006: EUR 82.4 million; -6%). Gross profit came to EUR 58.4 million (2006: EUR 59 million; -1%). EBITDA1) reached EUR 9.5 million (2006: EUR 11.1 million; -14%). The operating result before interest and taxes (EBIT)2) dropped by 18% in the year under review from EUR 10.2 million to EUR 8.4 million. An EBT (earnings before taxes) of EUR 9 million (2006: EUR 10 million; -10%) and group EPS (earnings per share) of EUR 0.73 (2006: EUR 1.00) will bring a successful year to a close for CENIT.

RESULTS OF OPERATIONS IN GERMANY

In the fiscal year 2007, CENIT AG Systemhaus generated sales of EUR 71.2 million in Germany (2006: EUR 78.2 million). Sales revenue in the services segment were constant. A drop in long-term projects in the automotive segment in particular was almost fully offset by new projects, but nevertheless led to a minor drop of 1% in the services segment. Sales revenues from hardware for resale decreased as budgeted and amounted to EUR 8.6 million (prior year: EUR 14.9 million). In 2007, it was unfortunately not possible to maintain software sales

SALES BY CUSTOMER GROUP / INDUSTRY

Fig. A



1) EBITDA (earnings before interest, taxes, depreciation and amortization) is calculated from the net profit of the Group for the year before income taxes, the interest and financial result and before amortization of intangible assets and depreciation of property, plant and equipment and excluding the extraordinary result.

2) EBIT (earnings before interest and taxes) is calculated from the net profit of the Group for the year before income taxes, the interest and financial result and excluding the extraordinary result. Elimination of these factors results in a comparable indicator of the actual operating results of a company, irrespective of the specific capital structure.

revenues at the prior year level. Sales revenues in Germany with CENIT software amounted to EUR 6.4 million (prior year: EUR 9.2 million). In 2006, two large-scale projects made a significant contribution to software sales revenue which were not repeated in this form in 2007. Personnel expenses came to EUR 33.2 million (2006: EUR 33.6 million; -1%). Other operating expenses amounted to EUR 13.1 million (2006: EUR 12.7 million; -3%). CENIT AG Systemhaus thus generated EBITDA1) of EUR 7.8 million (2006: EUR 9.9 million; -21%) and EBIT2) of EUR 6.8 million (2006: EUR 9.1 million; -25%). Tax expenses amounted to EUR 2.4 million (2006: EUR 1.3 million). The net income for the year after tax amounts to EUR 5.9 million (2006: EUR 7.8 million; -24%).

PROPOSED DIVIDEND

The management board and the supervisory board will submit a proposal to the annual general meeting on May 30, 2008 that a dividend of 50 cents be distributed to the shareholders and EUR 1.7 million be transferred to the revenue reserve.

GROUP SALES REVENUE BY SEGMENT

In the PLM segment, CENIT generated sales revenue of EUR 48.6 million (2006: EUR 53.9 million). The EIM segment generated sales revenue of EUR 28.5 million (2006: EUR 28.5 million). Fig. B

CENIT AG SYSTEMHAUS SALES REVENUE IN GERMANY BY SEGMENT

In the PLM segment, CENIT generated sales revenue of EUR 45.3 million (2006: EUR 51.1 million). The EIM segment generated sales revenue of EUR 25.8 million (2006: EUR 27.2 million). Fig. C

ORDER DEVELOPMENT

The order backlog as of December 31, 2007 amounted to EUR 16.9 million in the Group (2006: EUR 18.2 million), while incoming orders came to about EUR 79.6 million in 2007 (2006: 84.8 million).

CENIT AG's order intake in Germany amounted to EUR 70.3 million in the past fiscal year 2007

Fig. B CENIT AG SYSTEMHAUS SALES REVENUE IN THE GROUP BY SEGMENT

EUR million	2007	2006	Change in %
PLM	48,551	53,883	-10
EIM	28,507	28,475	0
Services	46,599	46,787	-1
Merchandise	8,677	14,975	-43
Software	9,171	10,784	-15
License fees	8,907	6,850	+30
Commission	3,704	2,962	+25
TOTAL	77,058	82,358	-6

(2006: EUR 75.8 million). As of December 31, 2007, the order backlog came to EUR 15.1 million (2006: EUR 15.6 million).

NET ASSETS AND FINANCIAL POSITION

The Group's financial situation is extremely sound. Equity as of the balance sheet date amounted to EUR 26.2 million (2006: EUR 24.3 million) with an equity ratio of 72% (2006: 62%). The good development of business is reflected in the structure of the balance sheet of CENIT AG Systemhaus in Germany as of December 31, 2007. Bank balances and short-term securities classified as current came to EUR 18.3 million as of the balance sheet date (2006: EUR 18.6 million). Apart from the cash and cash equivalents, the Company still has sufficient overdraft facilities. Both trade receivables and payables were indicative of the development of business. In Germany, the equity ratio of CENIT AG Systemhaus is 67%, which constitutes an improvement on the prior year (2006: 56%).

EQUITY INVESTMENTS

CENIT (SCHWEIZ) AG, FRAUENFELD/SWITZERLAND

Cenit (Schweiz) AG generated sales revenues of EUR 3.9 million in the past fiscal year (2006: EUR 2.8 million) and EBIT of EUR 2.2 million (2006: EUR 1.1 million).

CENIT NORTH AMERICA INC., AUBURN HILLS/USA

CENIT North America Inc. generated sales revenue of EUR 5.9 million (2006: EUR 4.6 million and EBIT of EUR 0.5 million (2006: EUR 0.4 million).

CENIT SRL, IASI/ROMANIA

CENIT founded a subsidiary in Romania in fiscal 2006. As a result, CENIT is now in a position to offer its application management and software engineering services at a significantly more competitive level. The company is at the development stage and will continue to expand in 2008. CENIT SRL generated sales revenue of EUR 0.4 million (2006: EUR 0.03 million)

Fig. C CENIT AG SYSTEMHAUS SALES REVENUE IN GERMANY BY SEGMENT

EUR million	2007	2006	Change in %
PLM	45,339	51,075	-11
EIM	25,844	27,173	-5
Services	44,304	44,827	-1
Merchandise	8,568	14,877	-42
Software	6,373	9,207	-31
License fees	8,197	6,416	+28
Commission	3,741	2,921	+28
TOTAL	71,183	78,248	-9

and EBIT of EUR 0.06 million (2006: EUR 0.01 million).

CENIT FRANCE SARL, TOULOUSE/FRANCE

CENIT founded a subsidiary in France in fiscal year 2007. The Company is in the start-up phase. CENIT SARL generated sales revenue of EUR 0.06 million (prior year: EUR 0 million) and EBIT of EUR -3 k (prior year: EUR 0 k).

CAD SCHEFFLER GMBH, OELSNITZ

On December 27, 2007, CENIT AG acquired cad scheffler and integrated it into the Group with effect as of January 1, 2008. This company is a Dassault Systèmes partner and had been a competitor in the area of PLM for many years. Around 20 PLM experts with many years' experience will be supporting CENIT with their know-how in the field of PLM as of January 2008. cad scheffler GmbH, which is based in the vicinity of Chemnitz, is a specialist provider of PLM system solutions on the basis of Dassault Systèmes PLM product CATIA. This service and consulting company has been marketing solutions by Dassault since 1990 and has been a partner of IBM Germany since 1997. The integration of cad scheffler, with its experienced staff and excellent customer base of medium-sized businesses in particular, will strengthen our joint leading position on the PLM advisory and software market both nationally and internationally. In 2007, cad scheffler generated sales revenue of approx. EUR 2 million and an EBIT margin of 15% with around 20 employees. The business is free of debt and has equity of around EUR 1.5 million. The purchase price, which includes the registered offices, totals around EUR 2.34 million. A purchase agreement was signed at the end of December 2007 after an extensive due diligence had been performed. The company will be consolidated in CENIT's financial statements for the first time in 2008 and therefore did not make any contribution to CENIT's balance sheet in 2007.

VALUE-BASED MANAGEMENT

CENIT is managed and controlled using a value-based management system. This focuses on continuous and sustained increases in the value of the Company by concentrating on the business segments. A comprehensive range of controlling measures are used to achieve this goal. These allow the targeted control and coordination of the activities of all business segments supported by centralized administration and the highest possible degree of transparency. With this in mind, we rely on our reporting systems which enable optimal analysis of actual and budgeted data in addition to internal and external reporting. Key performance indicators include gross profit, EBIT and order intake. These indicators are calculated each month and evaluated based on a comparison of actual and budgeted data.

FINANCING

The good results of operations allow sustainable financing from company funds. There are no liabilities towards banks of any kind, either short-term or long-term. Agreed credit lines have currently not been drawn on. The amount of cash and cash equivalents that is temporarily not required in financing the operating business is invested in securities classified as current.

SECURING LIQUIDITY

Apart from financial planning over a multi-year planning horizon, CENIT also has monthly liquidity planning in place. Any liquidity surplus is used for the financing of projects, developing software, investments and the expansion of national companies.

DISCLOSURES PURSUANT TO THE GERMAN TAKEOVER DIRECTIVE IMPLEMENTATION ACT ["ÜBERNAHME-RICHTLINIE-UMSETZUNGSGESETZ"]

As of December 31, 2007, the share capital amounted to exactly EUR 8,367,758.00 and is divided into 8,367,758 bearer shares. They are all no-par value common shares with an imputed share in the capital stock of EUR 1.00 per share.

The management board is authorized, with the consent of the supervisory board, to increase the share capital of the Company once or in several installments by a total amount of EUR 4,183,879.00 (authorized capital) up 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. For more details, reference is made to the disclosures in the notes.

By resolution passed at the annual general meeting 2006, the authorization of the management board set forth in Art. 5 (3) of the articles of incorporation and bylaws to increase, with the consent of the supervisory board, the share capital of the Company once or in several installments to a total amount of EUR 2,091,939.00 (authorized capital) up until September 16, 2009, by issuing up to 2,091,939 new no-par value bearer shares in return for contributions in cash or in kind was revoked.

At the annual general meeting 2007, the authorization of the management board dated June 13, 2006 to acquire treasury shares was revoked. At the same time, the management board was authorized to purchase, with the approval of the supervisory board, the Company's treasury no-par value shares (common stock) on behalf of the Company once or several times until November 30, 2008 for the purpose of cancellation. The cancellation does not require any further shareholder resolutions.

As of December 31, 2007, the conditional capital came to 520,000 shares with a nominal value of EUR 520,000.00. Reference is made to the comments in the notes to the financial statements.

No additional agreements, such as change of control agreements, were concluded.

We have no information from shareholders with a shareholding greater than 10%.

There are also no employee participations exercising their control rights either directly or indirectly.

In connection with the establishment of Cenit (Schweiz) AG, CENIT AG Systemhaus and the minority shareholder granted each other reciprocal options entitling them to acquire the remaining shares, provided certain circumstances arise.

The Company's management board comprises at least two members. The number of members and deputies is determined by the supervisory board. The members of the management board are appointed and dismissed by the supervisory board. A personnel committee has not been formed. The members of the management board are appointed for a maximum of five years. It is possible to be appointed several times or for an appointment to be extended. The supervisory board decides on the number of management board members and on amendments to or the cancellation of employment contracts.

The Company has not entered into any agreements subject to a change in control as a result of a takeover bid.

In 2007, there were no compensation agreements in place with the management board in case of takeover offers.

The supervisory board is authorized, by majority vote, to make amendments and supplements to the articles of incorporation and bylaws provided these only affect the wording.

RESOLUTIONS BY THE ANNUAL GENERAL MEETING

The resolutions of the annual general meeting require a simple majority of the votes cast and, where required, the simple controlling interest, unless legal regulations or the articles of incorporation and bylaws prescribe otherwise.

RATING

CENIT has a very favorable rating from its commercial banks – Deutsche Bank, Commerzbank and LBBW. Issuer ratings from rating agencies such as Moody's or Standard & Poor's are not available.

FOREIGN CURRENCY MANAGEMENT

Among other things, the business activities of CENIT involve payments in USD and CHF. CENIT is thus exposed to a certain degree of foreign exchange risk. The exchange rate risks can be assessed as being minor as only an insignificant portion of income and sale revenue is generated in foreign currency. Our risk management monitors and assesses foreign currency movements. This ensures that timely hedging is carried out.

RISK REPORT

The statutory requirements are increasingly becoming stricter: KonTraG ["Gesetz zur Kontrolle und Transparenz im Unternehmensbereich": German Law on Control and Transparency in Business], for example, has committed German stock corporations to more transparency and risk management since it was introduced in 1998. Legislation such as KonTraG requires many businesses to perform risk management. However, risk management ultimately only becomes a true strategic opportunity when it is not limited to ticking off items on a checklist but develops into a real culture of risk-consciousness as is the case at CENIT. Anyone going into business takes a risk. It is therefore all the more important not to deny the existence of such risk and to handle it in a proactive way. This is the only way to come to a realistic assessment of risk – and correspondingly be able to assess the cost-benefit ratio in favor of or against an investment or an action.

The management board of CENIT has installed a systematic and efficient risk management system at the companies of the Group. The operating risk management encompasses early warning, sustainability of controls and risk communication. Risk reporting means that the managers responsible for the business units inform the management board of CENIT continually concerning the current risk position. Moreover, sudden risks with implications for the Group as a whole are communicated directly to the risk manager responsible at CENIT in urgent cases, bypassing normal reporting channels.

Compliance with the risk management system by the group companies and their risk management system was reviewed using quality inspections in the course of internal audits. The findings obtained in this manner are used for the further improvement of the early warning system and risk management.

CENIT is well positioned in its target markets. The Company has a strong market position in product lifecycle management, enterprise information management and application management outsourcing with regard to medium-sized and large customers. CENIT's 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 a corresponding added value outweigh the risks.

The Company implements this concept by regularly and continuously identifying, assessing and monitoring risks in all material business transactions and processes within the Company. The risk management of CENIT is an element of the value-based group management and reports directly to the management board.

The risk management is located in the controlling department. A risk inventory is carried out there regularly. The six-month or annual risk reporting documents and assesses the risks identified. 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 and planned as well as 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 recoverability of the receivables. CENIT deals with such risks by ensuring strict receivables management, credit ratings and classification of risks at an early stage. CENIT is not dependent on financing by commercial banks. The lines of credit of CENIT AG Systemhaus for 2007 came to EUR 2.4 million. There are no lines of credit available to the subsidiaries in the USA, Switzerland, France or Romania, and none were required.

To secure and strengthen the areas of competence and the commitment of management, CENIT will continue to position itself as an attractive employer and strive to win the loyalty of management to the Group. The main elements of the consistent management development include creating opportunities, support and advice oriented towards specific target groups, early identification and promotion of persons with potential as well as attractive incentive systems for management.

CENIT was successful on the IT professionals market in 2007, achieving the employee recruitment target of 10% as of the balance sheet date. CENIT was able to attract specialists with many years of experience at all business units. At the same time, the exceptional position of CENIT is conducive to finding new staff with excellent qualifications.

The expansion of the US business brings with it entrepreneurial risks. Since the expansion of business is achieved through organizational growth, however, the risks are transparent and manageable.

Finally, it should be noted that the Company uses numerous management and control systems that are continually refined to measure, monitor and control risks. These include a uniform company-wide strategy, planning and budgeting process dealing mainly with opportunities and risks from operations. The risks identified and the risk management measures defined within the strategy, planning and budgeting process are monitored. Tracking and countering risks pays off, such as in the change request process which affords certainty as regards deadlines and technical risks. With large projects in particular, the certainty that the contract will be continued is checked. Further growth and, in turn, economic success are affected not just by the economic risks in 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 ensure this by expanding its own selling and consulting know-how and by entering into strategic alliances. Two thirds of the customers of the CENIT Group are active in manufacturing. Turns in the business cycle can, in some cases, have an impact on CENIT's business.

The Company has concluded insurance policies to cover potential cases of damage and liability risks and to ensure that the financial consequences of any potential risks are limited. The scope is regularly reviewed and adjusted if required. With respect to the necessary IT security, CENIT has made extensive risk provisions and continually develops these further.

RISKS RELATING TO FUTURE DEVELOPMENT

We expect sustained, but weakening, global economic growth in 2008 and 2009. This forecast is based on a number of assumptions. General geopolitical and economic stability is assumed, particularly as regards the development of capital, currency and raw materials markets as well as in the area of international trade.

A review of the current risk situation has revealed that there were no risks in the reporting period that jeopardized the continued existence of the Group as a going concern and that no such risks are foreseeable at present for the future. Furthermore, as of the balance sheet date there were no risks that could 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 enables transparent corporate governance and detection of risks at an early stage.

Due to the fact that practically all purchase and sales contracts are denominated in euro and in light of the current financing structure, no use has currently been made of derivative financial instruments to hedge currency risks. An interest swap was used in the course of the year to improve return.

An overall analysis of risk reveals that the Group is primarily exposed to market risks. These mainly include price and quantity developments linked to the business cycle as well as the dependence on the development of key accounts or important industries. On the whole, the processes relating to the rendering of services are managed very well and therefore have a reduced risk exposure. Overall, the risks at CENIT are limited and manageable, and do not jeopardize the continuation of the Company as a going concern. In addition, there are no apparent risks that could jeopardize the continuation of the Company as a going concern in the future.

CAPITAL EXPENDITURES

Capital expenditure within the Group in property, plant and equipment and intangible assets amounted to EUR 1.5 million (2006: EUR 1.1 million). The majority of capital expenditures related to replacement investments in the technical infrastructure and equipment, furniture and fixtures. Depreciation of property, plant and equipment and amortization of intangible assets increased by EUR 0.1 million to EUR 1.1 million (2006: EUR 1.0 million).

Group capital expenditures (on intangible assets and property, plant and equipment) break down as follows by region:

	2007	2006
Germany	1,393 EUR k	981 EUR k
USA	50 EUR k	75 EUR k
Switzerland	10 EUR k	2 EUR k
Romania	50 EUR k	0 EUR k
France	0 EUR k	0 EUR k
TOTAL	1,503 EUR k	1,058 EUR k

PROCUREMENT AND PURCHASING POLICY

CENIT applies a purchasing policy that is precisely tailored to the specific requirements of each project. Our procurement staff have a wealth of experience in the acquisition of goods and services for our customer projects. Our procurement team works with premium partners that are either market or industry leaders or best in class. Since procurement focuses on the European market, foreign exchange risks are negligible. The cost of purchased merchandise and services came to EUR 19.2 million in 2007 (prior year: EUR 24.4 million). At EUR 0.1 million (prior year: EUR 0.09 million) as at year-end, the inventory value and the amount of capital tied up as a result has been kept at a low level. This enables a flexible response to market requirements. The risk of inventories becoming obsolete is low.

QUALITY ASSURANCE

The ultimate objective of CENIT AG Systemhaus and the group companies is to support customers with premium quality and reliability on each target market. Their expectations are at the core of our activities. All Company employees are responsible for maintaining quality.

Together, the members of the management board of CENIT AG Systemhaus are responsible for managing the Company. The quality management is headed by a member of the management board. This ensures that the management board has direct influence and control over the quality management system of the Company, and that any management errors are detected immediately and corrected accordingly. The management board defines the corporate policies, strategy and objectives, while ensuring awareness and implementation at all levels of the Company. Furthermore, the management board determines the organization and areas of competence, and provides the necessary financial and human resources.

Each year, management specifies detailed targets for the next year as well as a three-year plan as a guideline. The annual targets are broken down by individual employees. Targets concerning monitoring and the continuous improvement of processes and the business as a whole are described in the respective process descriptions. The management board examines whether the agreed objectives have been met or whether they have been missed or exceeded, and whether the process descriptions, laws and guidelines have been complied with.

Continuous improvement forms the basis of our quality management system. Each employee is required to make a contribution. The continuous improvement process allows the detection, evaluation and implementation of improvement potential. The progress of the continuous improvement process is determined and documented by the internal audits, which are performed on a regular basis. Measures and competencies for the implementation of the measures are documented in the report.

CENIT AG Systemhaus has documented quality management rules in a management manual. It takes account of the ISO 9001:2000 standard. In addition, CENIT AG Systemhaus has drafted and enforced key process descriptions applicable to the entire company. These process descriptions are supplemented by laws and guidelines that the Company is bound to and complies with.

CENIT AG Systemhaus employees are informed of current company developments at quarterly information events. These events also include mandatory division-wide training in the area of the process-oriented management system. The information required for day-to-day business is either communicated at regular meetings or during individual talks. Open dialog is valued.

In 2005, a system audit was performed by DQS, the German company for the assessment and certification of management systems. The inspection was successful and CENIT AG Systemhaus was awarded a certification according to DIN EN ISO 9001:2000. Follow-up inspections took place in 2006 and October 2007, which were also passed successfully.

In 2006, CENIT was successful in obtaining certification according to the internally recognized ISO/IEC 27001:2005 standard. ISO 27001:2005 is a standard of the International Organization for Standardization (ISO) and is thus the internationally valid standard and the recognized successor of the British Standard 7799-2:2002. The standard takes account of all aspects of company, IT and information security as well as legal regulations. A follow-up inspection took place in October 2007, which was also passed successfully.

HEADCOUNT

The Group's total headcount as of December 31, 2007 stood at 636 (2006: 576). This represents a satisfactory increase of 10%, despite the scarcity of professionals on the recruitment market. Fig. D

Group personnel expenses came to EUR 35.2 million in the period under review (2006: EUR 34.6 million; 2%). Personnel expenses at CENIT AG Systemhaus dropped by 1% compared to the prior year. The average age was 38. Over 75% of employees have tertiary qualifications. Employee turnover amounted to around 11% (7% in 2006). We again recorded a very low number of sick days. After having already raised the number of employees by about 10% in 2007, we are planning further growth of approximately 10%

in 2008. We will primarily strengthen the consulting business and customer-specific software engineering, and expand our international branches.

CENIT has been successfully training apprentices for years. The trainees include students from universities of cooperative education and in the area of IT. We also regularly employ graduates, final-year students 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 Germany, a total of 26 young people took part in trainee programs for different professions at CENIT in 2007. In 2007, we hired 17 students from universities of cooperative education and 9 trainees.

FUTURE PROSPECTS THROUGH ADVANCED TRAINING

CENIT offers a comprehensive advanced training program to increase the qualifications of its employees and prepare them for the ever increasing requirements brought on by innovation and market competition. A large number of employees took advantage of the various advanced training programs and participated in courses and seminars in the year under review to improve their qualifications.

The focus was on quality management, data and information processing, sales training and managerial training.

REMUNERATION SYSTEM - PROFIT SHARING

Apart from performance-based career opportunities and assumption of responsibility at an early stage, CENIT offers all employees an attractive remuneration policy. Remuneration comprises a fixed salary, which is governed by individual employment contracts, as well as remuneration modules that are partly based on the financial results and the share price. The profit-based remuneration system was expanded to include an additional instrument by issuing share options to selected management staff.

The remuneration system for management staff comprises a profit-based component and a component that is independent of profit. Reference is made to the comments in the notes to the financial statements. Pursuant to the articles of incorporation and bylaws, the supervisory board receives fixed remuneration. Each member of

Fig. D HEADCOUNT

	Headcount as of December 31, 2007	Headcount as of December 31, 2006	Change absolute	in %
Germany	586	552	34	+6%
USA	25	17	8	+47%
Switzerland	5	7	-2	-29%
France	1	0	1	
Romania	19	0	19	
CENIT Group	636	576	60	+10%

the supervisory board receives a fixed amount of EUR 15,000.00 payable after the end of the fiscal year. The chairman of the supervisory board receives twice that amount, while the deputy chairman receives one and a half times that amount.

RESEARCH AND DEVELOPMENT

CENIT focuses on consulting and implementing standard software from leading manufacturers. Product developments by the Company itself are only made to supplement standard software, e.g. for special customer requirements. Besides adapting standard software, CENIT develops programs for supplementing and expanding existing standard software as required by its customers.

CENIT's software solutions are based on IT solutions from SAP, IBM/FileNet or Dassault products such as CATIA. They supplement this standard software with important functions that afford increased productivity and improved data quality. As a result, some products enable a seamless design of business processes, consistent storage of data and early simulations of the process steps. In total, CENIT offers over 20 solutions in the business segments digital manufacturing, product data management as well as enterprise content and systems management.

DEVELOPMENT OF THE CENIT SHARE

2007 was an exceedingly good trading year for investors in DAX, MDAX and TECDAX shares – despite all the highs and lows the trading year brought with it. Right in the middle of the financial crisis, the DAX was towards an all-time high. Investors have seldom been left so cold by bad news as in the 2007 trading year. Second-tier stocks such as CENIT were, however, only of secondary interest to institutional and private investors. With few exceptions, these stocks all suffered severe price losses.

The CENIT share is listed on the Prime Standard of the German Stock Exchange and fulfils the applicable international transparency requirements. The CENIT share showed an extremely varied development over the past fiscal year 2007. The CENIT share began the 2007 trading year at a price of EUR 13.60 and closed the year at about EUR 9.23. The average trading volume for the past 52 weeks was about 23,500 shares (2006: 22,000 shares) per day. The annual average share price of CENIT in 2007 came to EUR 11.31. The CENIT share price reached an annual high of EUR 14.60 in February, with an annual low of EUR 7.4. A total of 6.3 million shares were traded; it may therefore be safely assumed that CENIT's shareholder structure has changed completely. Due to the large free float, it is only possible to obtain approximate data on the size and breakdown of the various groups of shareholders as shown in the overview: Fig. E

THE FOLLOWING INVESTORS HAVE A SHAREHOLDING SUBJECT TO MANDATORY NOTIFICATION:

In the course of the past year, various items of news pertaining to the Company and the market exerted an influence on the price of CENIT stock. For example, the situation at Airbus involving the savings program and the delay in the delivery of the A 380 were deemed as having a negative impact on CENIT. As one of CENIT's major customers, Airbus plays an important role within the Group. Likewise, the takeover of FileNet, one of our software partners of many years' stand-ing, by a direct competitor, IBM, was subject to critical assessment with regard to CENIT's future development in the enterprise information management segment. This especially affected distribution of CENIT's own software "FileNet System Monitor", leading in turn to delays in distribution of the product by IBM/FileNet.

Three banks and analysts currently publish research reports on CENIT. These are exclusively buy recommendations issued by Dawnay, Day Lockhart London, WestLB Düsseldorf and SES Research/MM Warburg Hamburg. A total of 131 (2006: 127) investor talks and road shows were staged in Frankfurt, Cologne, Düsseldorf, Munich, Berlin, Hamburg, Zurich, Vienna, Copenhagen, London, Paris and Brussels. Fig. F

SHARE PRICE DEVELOPMENT IN 2007: Fig. G

Source: CENIT Aktiengesellschaft Systemhaus, Stuttgart

SHARE MARKET OUTLOOK

In the light of the continuing unstable situation on the global markets, financial market professionals are expecting 2008 to be a weak year in terms of share prices. This is revealed by a survey published by the Mannheim-based ZEW ["Zentrum für Europäische Wirtschaftsforschung": Center for European Economic Research] According to the 230 experts interviewed by the ZEW, the DAX will stand at just under 8160 points at the end of the current year thus only marginally over its record high of 8,151.57 points reached in the summer. It is now difficult, however, to find this assumption plausible after "Black Monday" on January 20, 2008 when there was a massive drop in the German share market, as was the case with all stock exchanges worldwide. Burdened by huge losses in Asia and continuing fears of recession, the DAX took a dramatic downward turn that day. In the opinion of the participants in the survey, the euro will remain strong in the coming year and will profit from the continuing pressure on the dollar. At the end of 2008, the common currency is expected to be valued at USD 1.44.

BREAKDOWN SHARES INTO SHAREHOLDER GROUPS OF DECEMBER 31, 2007:

Fig. E Source: CENIT Aktiengesellschaft Systemhaus, Stuttgart

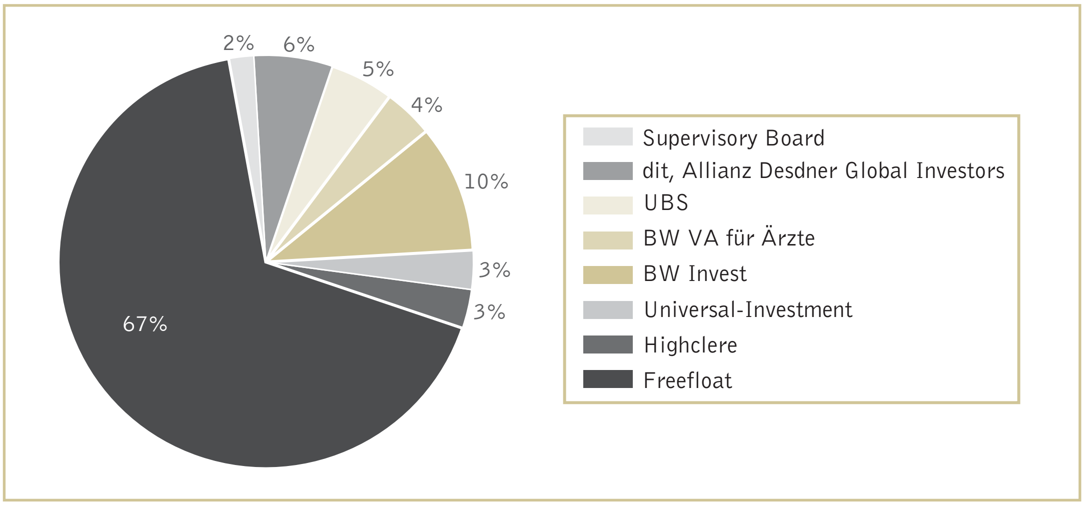


Fig. F THE FOLLOWING INVESTORS HAVE A SHAREHOLDING SUBJECT TO MANDATORY NOTIFICATION

Organization	Notification on	No. of shares	Percent %
Universal Investment Gesellschaft mbH	Aug. 14, 2007	262.785	3.14
Highclere International	July 13, 2007	275,106	3.29
DIT Allianz Global Investors	March 6, 2006	503,338	6.02
UBS	Dec. 07, 2006	424,245	5.07
BW Invest	Aug 9, 2007	836,412	9.99
Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte	Feb. 21, 2007	330,000	3.94

POSITIONING AND STRATEGY OF CENIT

CENIT operates as a specialist for the optimization of business processes in the areas of enterprise information management (EIM), product lifecycle management (PLM) and application management outsourcing (AMO). Today, CENIT is one of the leading consulting firms worldwide in product lifecycle management (PLM). The range of services extends from the choice of suitable PLM software to process chain consulting, introduction of PLM solutions at customers and comprehensive consulting services. With our own software solutions for a range of manufacturing processes or for product management in the SAP and Dassault environments in particular, we offer our customers decisive value added. CENIT's portfolio of internally developed software is unique compared to the international competition. CENIT is very well positioned in the EIM segment and is ranked third-best partner in the world for the leading enterprise content management solution in the world produced by the US software provider IBM/FileNet. The takeover of FileNet by IBM creates new growth opportunities and customer potential for CENIT. Indeed, CENIT has been a business partner of IBM since its establishment in 1988. The marketing and sales power of IBM will be instrumental in gaining new market shares. This is supplemented by CENIT's own software solutions which, for example, are offered as standard solutions especially for file and process handling. With the software solution FileNet System Monitoring, which was developed by us to monitor complex enterprise content management platforms such as IBM/FileNet P8 and thus for inclusion in the sales portfolio of IBM, the world's major player in this market, CENIT anticipates above-trend international growth in IBM's customer portfolio as well as the area of new business development.

CENIT operates critical business applications such as CATIA or IBM/FileNet at distinguished clients in the areas of product lifecycle management (PLM) and enterprise information management (EIM) along the CENIT portfolio. BMW, EADS Airbus, Allianz, Mann+Hummel, VW, VR Kreditwerk, Webasto and Georg Fischer are just some of the companies that rely on CENIT's expertise in the field of application management outsourcing (AMO).

Application management outsourcing is a form of outsourcing in which the license and the infrastructure – and thus control – are retained by the user. The service provider renders predefined services pursuant to service letter agreements including development, implementation, support, maintenance and migration of the application. CENIT expands this definition to include the tasks of infrastructure and/or application operation.

MARKET POSITIONING

PLM MARKET DEVELOPMENT UNTIL 2011

CIMdata expects a compound annual growth rate (CAGR) of around 13% for the services/consulting segment in cPDM as well as growth of 4% for the software segment. According to the forecast, the market will reach a volume of USD 13 billion over the next three years by 2011 with annual growth of around 8% on average. Fig. H

GERMANY, AUSTRIA AND SWITZERLAND (DACH) - SHARE OF COMPANIES IN TOTAL SALES REVENUE GENERATED BY PLM SERVICES

Source: Computer Graphik Markt 2007/2008 Fig. I

DEVELOPMENT OF THE MARKET FOR ENTERPRISE CONTENT MANAGEMENT

Quelle: Gartner Fig. J

DEVELOPMENT OF THE GERMAN OUTSOURCING MARKET

Source: PAC 2007 Fig. K

FORECAST REPORT 2008/2009

BUSINESS STRATEGY

It is of decisive importance for our business success to offer our customers innovative solutions that assist them in supporting their business processes with flexible IT solutions in the best possible way. The further development of our range of solutions will continue to play a central role in future.

We intend to strengthen our software sales activities and expand our position as service provider. Our market and customer contacts in all segments are a solid basis indicating that we can continue offering our business partners supplementary products and services. We will also continue to further develop our range of products with a close eye on the market and to focus on our customers' needs by intensifying our commitment to innovation and investing in new software products and process solutions.

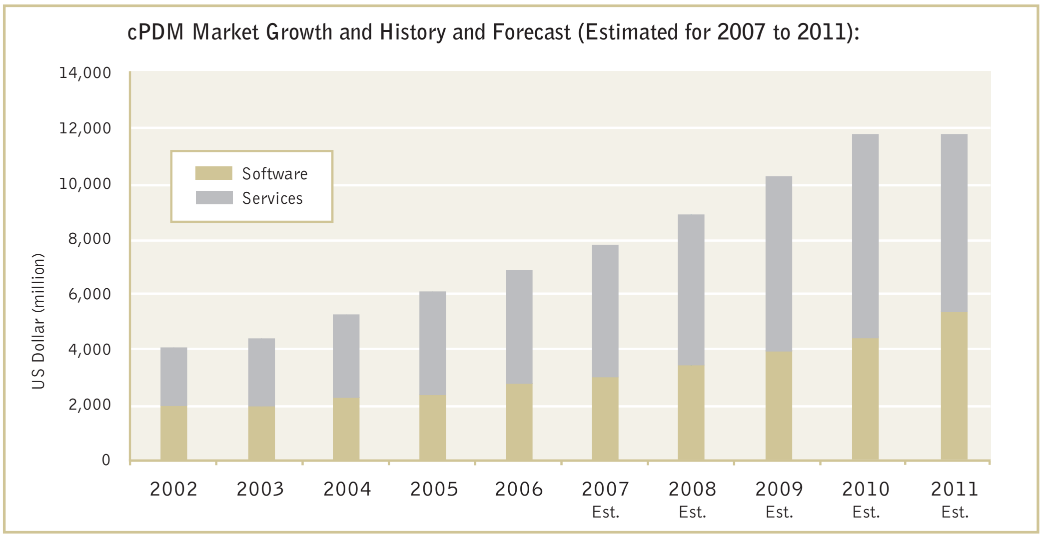
The objective of CENIT is to increase the share of its own software in total sales to 30% by the year 2010. This requires the further expansion of an international sales channel. A fundamental

SHARE PRICE DEVELOPMENT IN 2007

Source: CENIT Aktiengesellschaft Systemhaus, Stuttgart Fig. G

PLM MARKET DEVELOPMENT UNTIL 2011

Fig. H Source: CIMdata October 2007



element of this strategic focus is the distribution and software engineering cooperation in place with Dassault Systèmes, SAP and IBM.

Through the strategic orientation on the attractive markets for product lifecycle management, enterprise information management and application management outsourcing as well as the concentration on our core areas of competence, CENIT will invest in the consulting and software markets again in 2008 and 2009. The targeted investment in key growth segments will also be necessary in the future if we are to secure our leadership position and expand our existing strong market position. Our industry competence plays a central role here. In the meantime, we have gained an exceptionally good reputation on the aerospace market which will facilitate our growth in that area.

FINANCIAL STRATEGY

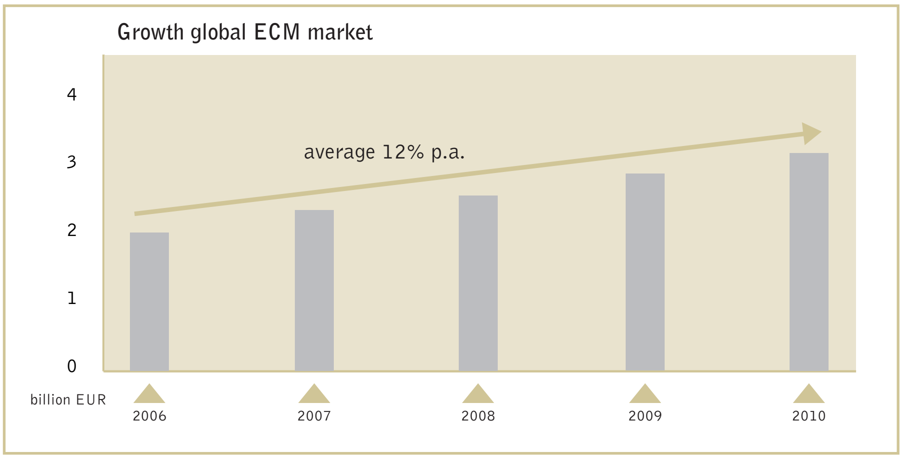
The fundamental factors arising from CENIT's balance sheet continue to provide the Company with stability also with a view to the forecast economic situation and similarly the necessary economic impetus to invest freely and independently in the growth markets. Finally, there continues to be the risk that the tension on the financial markets emanating from the US mortgage crisis will continue and will lead to a significant slowing in overall economic growth. The International Monetary Fund expects the financial crisis in the USA to make itself felt in 2008. The IMF anticipates a less significant slowing of growth in the countries of the European Union (EU) where economic performance is anticipated to increase by 3.0% in 2007 (2006: 3.2%) and by 2.5% in 2008.

In light of this, our financial strategy continues to be geared towards maintaining a good credit rating in the long term. Primary objectives of CENIT's treasury management are the short and medium-term provision of sufficient liquidity, a financial policy that is largely conservative and an effective risk management.

Ultimately, CENIT's excellent financial position also constitutes a competitive advantage in the awarding of contracts, by providing our customers' decisions to invest in CENIT's services with the necessary security.

DEVELOPMENT OF THE MARKET FOR ENTERPRISE CONTENT MANAGEMENT

Fig. J Source: Gartner

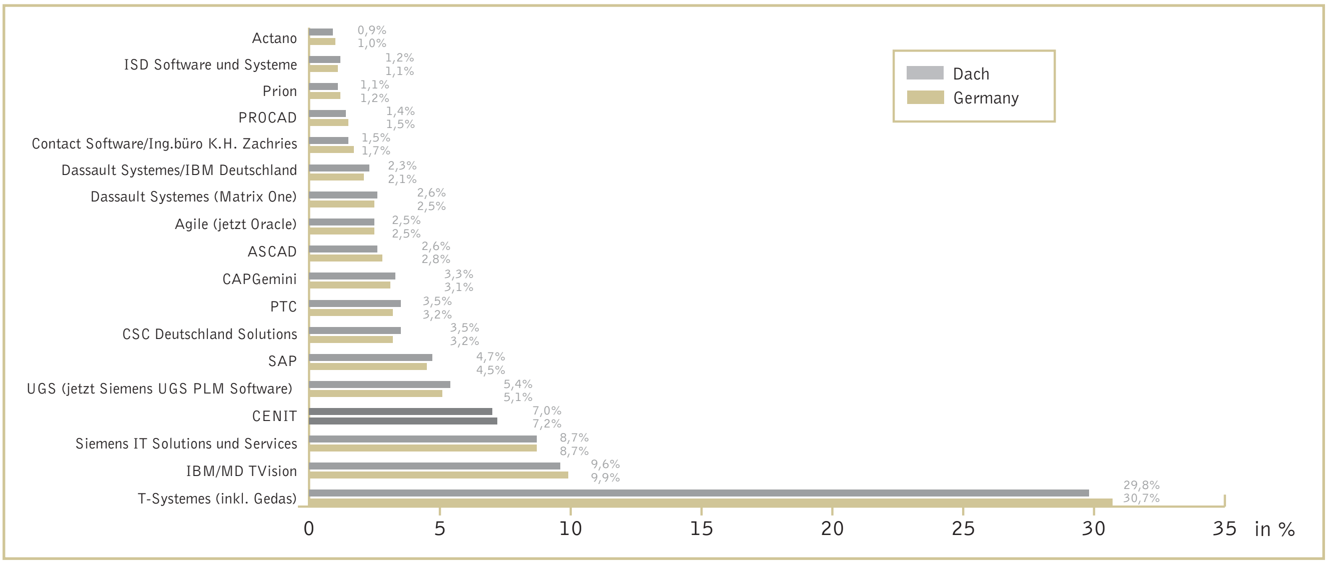


SHARE OF COMPANIES IN TOTAL SALES REVENUE GENERATED BY PLM SERVICES

Germany, Austria and Switzerland (DACH

Source: Computer Graphik Markt 2007/2008

Fig. I



EARNINGS AND SALES DEVELOPMENT

As regards group sales revenue, we once again anticipate significant growth in 2008 and growth in line with the market trend in 2009. In particular, increasing income from sales of internally generated CENIT software and the global sales cooperation with our partners IBM, SAP and Dassault for our software products are planned to make a contribution to boosting the Group's results. In the area of consulting services, we anticipate a strong growth in demand from the aerospace industry. Already in 2007, the area of enterprise information management grew stronger than the market and will continue to profit in 2008 from a positive investment climate for EIM solutions. Our aim in 2008 and 2009 is to improve the Group's operating performance in a sustainable way.

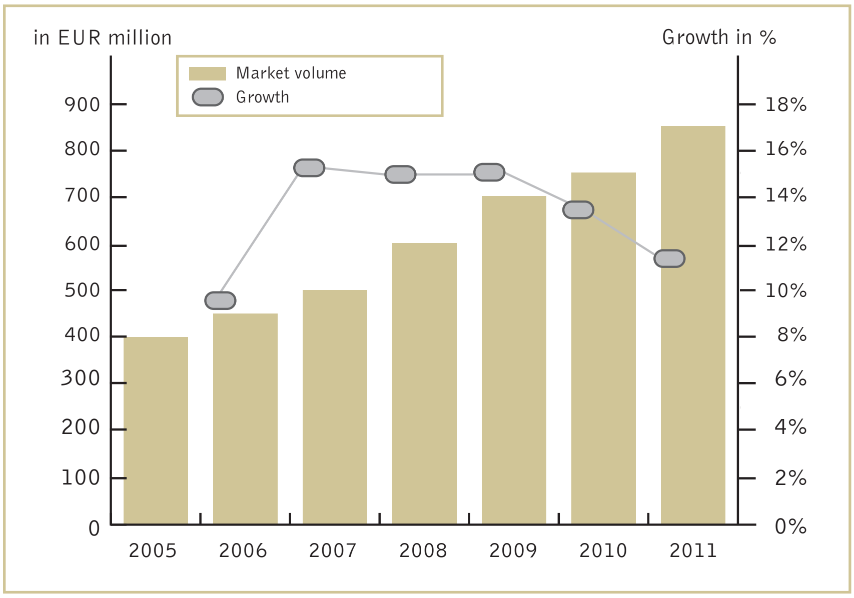
Over the coming years, we will continue to drive the expansion of our activities in the USA, in particular in the field of software, together with SAP, Dassault Systèmes and, as of 2008, with the company Right Hemisphere. The new cooperation and the worldwide distribution agreement with Right Hemisphere provides additional market potential in the USA which will have a positive impact on CENIT's sales revenue with third party software and related services.

The expansion of our subsidiary for software engineering and application management outsourcing services in Romania represents a further important step towards improving the future competitiveness of CENIT.

In addition, the integration of cad scheffler brings us important new customers and market

EDEVELOPMENT OF THE GERMAN OUTSOURCING MARKET

Fig. K Source: PAC 2007



shares in the PLM segment. The integration is an important task for CENIT in 2008 that is planned to make a positive contribution to the Company's results over the coming years.

Our new foothold in France constitutes an important link to EADS, one of our major customers. Decisions on future strategy and priorities will be made there in future.

In order to make an even more successful contribution to the challenge posed by EADS, the three leading consulting and software companies, CS Communication & Systèmes, Paris, CENIT AG, Stuttgart, and PROSTEP AG, Darmstadt, the specialists for industrial solutions, application development and product lifecycle management (PLM), have formed a joint venture to serve EADS, a major customer for each of the companies. The joint venture operates under the name of CenProCS AIRliance GmbH.

The three partners in the joint venture work towards a common goal: providing customized solutions for EADS. Combining forces gives all three companies the possibility to take part in large-scale projects thus expanding and strengthening their official status as strategic IT service providers. This ensures efficient service and quality software on a global basis, making it now possible for CENIT and its two partners to act in support of EADS Airbus in Germany, France, Spain and the UK as well as in the USA, India and Romania. A competitive advantage that should not be underestimated.

We are planning to increase our headcount in 2008 by 10%. Should the trend remain unabated, a further increase in the number of employees can also be expected in 2009.

SUBSEQUENT EVENTS

There were no further events of particular significance after the balance sheet date.

Stuttgart, March 5,2008

CENIT Aktiengesellschaft Systemhaus

The management board

Christian Pusch *Kurt Bengel*

REPORT OF THE SUPERVISORY BOARD

REPORT OF THE SUPERVISORY BOARD

For the Supervisory Board of CENIT AG Systemhaus, the 2007 business year was characterized by the crew change within the Board of Directors and high efforts toward increased internationality. Simultaneously, CENIT continued to consistently pursue and implement its strategic objectives. In particular, CENIT continued to push ahead the expansion of staff and its own software range and intensified its business partner model. The Supervisory Board supported the enterprise and the Board of Directors in all of these endeavors.

Below, the CENIT Supervisory Board reports on its activities during the 2007 business year. During the reporting period, the Supervisory Board conscientiously fulfilled the advisory and control tasks with which it is charged pursuant to legislation and Charter of Association. In so doing, the Supervisory Board received continual written and oral reports from, and met in joint sessions with, the Board of Directors and was thus informed in a continual, detailed and timely manner of all matters pertaining to the enterprise, as required by law. In particular, the reporting extended to the situation of the enterprise, the course of business, as well as business policy.

When out of session, the Supervisory Board was likewise continually kept informed of the development of markets and business fields and its short- and medium-term impact on business objectives. To this end, core significance attaches to the monthly reporting system, which reveals and clarifies current, important quantitative and financial data against budget and on-year figures. The Supervisory Board has reviewed the important planning documents and financial statements and is satisfied that they are correct and appropriate. The Supervisory Board reviewed and discussed all submitted reports and documents, as appropriate. No objections to the activity of the Board of Directors arose in this respect.

The Supervisory Board also concerned itself intensely with fundamental matters of enterprise planning, particularly financial, investment, and personnel planning. It was involved in all decisions of elementary importance to CENIT AG Systemhaus or the CENIT Group. The Supervisory Board approved all matters submitted for approval in accordance with the Proceedings of the Board of Directors. The Supervisory Board has assured itself that the Board of Directors is conducting its business properly and has taken all necessary measures in a timely and effective manner. This also applies to appropriate measures regarding risk provisioning and compliance.

The Supervisory Board and the Board of Directors have discussed the recommendations and proposals of the German Code of Conduct on Corporate

Governance; we have issued the Declaration of Conformity pursuant to § 161 Aktiengesetz (Stock Corporations Act) and have made this permanently available to shareholders at the website www.cenit.de. The Declaration of Conformity is reproduced in full in the Corporate Governance Report, which forms part of the 2007 Directors' Report.

SESSIONS OF THE SUPERVISORY BOARD

During the 2007 business year, the Supervisory Board met in four ordinary sessions, at which all Supervisory Board members were present.

Furthermore, the Board of Directors kept the Supervisory Board informed of all business activities through detailed telephone conferences and written and oral reports. The Supervisory Board was available to the Board of Directors at all times and at short notice to address time-critical matters.

All business-critical matters were discussed in the sessions. In addition to the recurring agenda items, the following matters were of particular significance in 2007:

The March 2007 session discussed in particular detail the 2006 annual report of CENIT AG Systemhaus and the 2006 Group report. The auditors participated in this session and were available for all questions and discussion concerning accounting and the audit itself with the Supervisory Board. The 2006 annual report of CENIT AG Systemhaus was adopted and the 2006 Group report was noted with approval.

In June 2007, current business developments were reviewed and international activities were discussed in detail.

The October 2007 session again saw a review of the state of current business, as well as detailed scrutiny and discussion of potential enterprise acquisitions, particularly with respect to PLM CATIA partners. In addition, the Supervisory Board deliberated the proposal by the Board of Directors to establish a bidding association with two other suppliers in order to offer the important key-account AIRBUS a wider high-performance portfolio as a strategic IT supplier. The Supervisory Board was also informed in detail as to CENIT's risk management system. A review of the current risk situation has shown that no existential risks were present during the reporting period, and that future risks that could threaten the continued existence of the Group cannot be discerned.

Enterprise planning for 2008 and the acquisition of cad scheffler GmbH, Oelsnitz, were the chief agenda items at the Supervisory Board's December 2007 session. The 2008 Enterprise Plan was noted with approval. The takeover of capital shares in cad scheffler GmbH likewise met the Supervisory Board's unanimous approval.

The Supervisory Board did not create a Committee during the 2007 business year.

ENTERPRISE AND GROUP ANNUAL REPORTS

The 2007 Annual Report of CENIT AG Systemhaus, prepared by the Board of Directors, and the Group Report for the 2007 business year were audited by Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, who were selected as auditors by the ordinary annual shareholders' meeting on 20 June 2007; the accounts department assisted in the audit, which also considered the Group Situation Report incorporated into the Enterprise Situation Report. The auditors further reviewed the measures taken by the Board of Directors with respect to early recognition of risks that could threaten the continued existence of the enterprise. The auditors raised no objections and have attested to this conclusion in the Auditor's Report.

The Annual Report of CENIT AG Systemhaus, the Group Report and the Group Situation Report incorporated into the Enterprise Situation Report, which were unconditionally approved by the Auditor's Report issued by Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, as well as the auditor's reports and the proposal by the Board of Directors regarding the allocation of the balance-sheet profit, were all submitted to the Supervisory Board for review. The auditors participated in the relevant agenda items of the Supervisory Board session of 7 March 2008 and reported on all essential audit results. The Supervisory Board approved the Board of Directors' Situation Report. Following review, the Supervisory Board also endorses the Board of Directors' proposal for the allocation of the balance-sheet profit

The Supervisory Board has thoroughly reviewed the auditors' reports as well as the documents submitted pursuant to and within the deadline of § 170 para. 1 and 2 AktG (Stock Corporations Act), and approves the audit by Ernst & Young AG Wirtschafts-prüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart. As a concluding result of its review, the Supervisory Board has determined that no objections are to be raised. On 18 March 2008 the Supervisory Board has thus approved and according to § 172 adopted the Annual Report for the 2007 business year. Likewise the Group Report for the 2007 business year was adopted by the Supervisory Board on 18 March 2008.

The Supervisory Board would like to express its appreciation to the Board of Directors and all staff members for their high level of commitment and the work accomplished during the past business year.

Stuttgart, March 18, 2008

The Supervisory Board

Falk Engelmann/Chairman

FINANCIAL STATEMENT

Financial Statement

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

CENIT Aktiengesellschaft Systemhaus, Stuttgart

CONSOLIDATED BALANCE SHEET (in accordance with IFRS)

as of December 31, 2007

in EUR k	Note	31. Dec, 2007	31. Dec, 2006
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	F1	250	248
Property, plant and equipment	F2	1,760	1,366
Investment in an associate	F3	52	0
Income tax receivable	F9	634	699
NON-CURRENT ASSETS		2,696	2,313
CURRENT ASSETS			
Inventories	F5	607	668
Trade receivables	F6	13,715	16,243
Current income tax assets	F9	893	1,062
Other receivables	F7	254	76
Other financial assets at fair value through profit or loss	F8	9,320	11,042
Cash	F10	8,995	7,615
Prepaid expenses	F11	130	191
CURRENT ASSETS		33,914	36,897
TOTAL ASSETS		36,610	39,210

CENIT Aktiengesellschaft Systemhaus, Stuttgart

CONSOLIDATED BALANCE SHEET (in accordance with IFRSs)

as of December 31, 2007

in EUR k	Note	31. Dec, 2007	31. Dec, 2006
EQUITY AND LIABILITIES			
EQUITY			
Issued capital	F12	8,368	8,368
Capital reserve	F12	1,058	863
Currency translation reserve	F12	-372	--212
Legal reserve	F12	418	418
Other revenue reserves	F12	6,483	2,899
Net income of the Group attributable to the equity holders of CENIT AG	F12	10,222	11,968
		26,177	24,304
Minority interests	F12	0	0
TOTAL EQUITY		26,177	24,304
NON-CURRENT LIABILITIES			
Deferred tax liabilities	F4	256	231
CURRENT LIABILITIES			
Current liabilities to banks	F14	0	1,249
Trade payables	F15	3,432	3,787
Other liabilities	F16	6,336	8,668
Current income tax liabilities	F13	273	834
Other provisions	F13	136	137
		10,177	14,675
TOTAL EQUITY AND LIABILITIES		36,610	39,210

CENIT Aktiengesellschaft Systemhaus, Stuttgart

CONSOLIDATED INCOME STATEMENT (in accordance with IFRSs)

for the period from January 1 to December 31, 2007

	in EUR k	Note		31. Dec, 2007	31. Dec, 2006
1.	REVENUE	E1		77,058	82,358
2.	Increase or decrease in work in process			-88	373
	Total operating performance			76,970	82,731
3.	Other operating income	E2		601	621
	Operating performance			77,571	83,352
4.	Cost of materials	E3	19,127		24,364
5.	Personnel expenses	E4	35,152		34,625
6.	Amortization of intangible assets and depreciation on property, plant and equipment	E5	1,086		956
7.	Other operating expenses	E6	13,842		13,220
				69,207	73,165
	NET OPERATING INCOME			8,364	10,187
8.	Other interest and similar income	E7	348		208
9.	Interest and similar expenses	E7	49		67
10.	Result from financial instruments at fair value through profit or loss	E8	305		-294
11.	Share of profit of an associate	F3	0		0
				604	-153
	RESULT FROM ORDINARY ACTIVITIES			8,968	10,034
12.	Income taxes	E9		2,852	1,632
13.	NET INCOME OF THE GROUP FOR THE YEAR			6,116	8,402
14.	thereof attributable to the equity holders of CENIT AG			6,090	8,372
15.	thereof attributable to minority interests			26	30
	Earnings per share in EUR				
	basic	E10		0,73	1,00
	diluted	E10		0,73	1,00

CENIT Aktiengesellschaft Systemhaus, Stuttgart

CONSOLIDATED STATEMENT OF CASH FLOWS (in accordance with IFRSs)

as of December 31, 2007

in EUR k	Note	31. Dec, 2007	31. Dec, 2006
CASH FLOW FROM OPERATING ACTIVITIES			
Earnings before tax		8,968	10,034
Adjusted for:			
Amortization of intangible assets and depreciation of property, plant and equipment	E5	1,086	956
Losses on disposals of non-current assets		3	2
Gains on disposals of non-current assets		0	0
Other non-cash income and expenses		160	-508
Reversal of impairment losses on other financial assets		-10	-10
Interest income	E7	-348	-208
Interest expenses	E7	49	67
Increase/decrease in trade receivables and other current non-monetary assets		2,408	-6,044
Increase/decrease in inventories		61	389
Increase/decrease in current liabilities and provisions		-3,863	2,349
Interest paid		-49	-67
Interest received		310	279
Income taxes paid		-3,388	-4,583
Change in net cash flow from operating activities		5,387	2,656
Cash flow from investing activities			
Acquisition of property, plant and equipment and intangible assets	F1/F2	-1,503	-1,058
Purchase of investments in an associate	F3	-53	0
Gain on disposal of property, plant and equipment		1	7
Change in other financial assets that are not allocable to cash and cash equivalents		1,732	*1,989
Net cash paid for investing activities		177	*938
Cash flow from financing activities			
Dividends paid to shareholders	E11	-4,184	-3,765
Net cash paid for financing activities		-4,184	-3,765
Net increase/decrease in cash and cash equivalents		1,380	*-171
Cash and cash equivalents at the beginning of the reporting period	G	7,615	*7,786
Cash and cash equivalents at the end of the reporting period	G	8,995	*7,615

*Changed presentation (for explanations, see Section B of the notes to the consolidated financial statements).

CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, STUTTGART

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IN ACCORDANCE WITH IFRSS)

as of December 31, 2007

in EUR k	Equity attributable to equity holders of the parent								
	Issued capital	Capital reserve	Currency translation reserve	Legal reserve	Other revenue reserves	Net income of the Group attributable to equity holders of CENIT AG	Total	Minority interests	Total
As of January 1, 2006	4,184	543	-119	0	5,039	9,879	19,526	43	19,569
Exchange differences			-93				-93	-7	-100
Net income of the Group for the year						8,372	8,372	30	8,402
Total income recognized for the period	0	0	-93	0	0	8,372	8,279	23	8,302
Transfer from stock options		320					320		320
Dividend distribution						-3,765	-3,765		-3,765
Allocations to other revenue reserves					2,100	-2,100	0		0
Allocations to the legal revenue reserve				418		-418	0		0
Capital increase from company funds					-4,184		0		0
Put option minority interests as of Dec. 31, `06	4,184				-56		-56	-66	-122
As of December 31, 2006	8,368	863	-212	418	2,899	11,968	24,304	0	24,304
Exchange differences			-160				-160	-1	-161
Net income of the Group for the year						6,090	6,090	26	6,116
Total income recognized for the period	0	0	-160	0	0	6,090	5,930	25	5,955
Reversal of minority interests					56		56	66	122
Transfer from stock options		195					195		195
Dividend distribution						-4,184	-4,184	-27	-4,211
Allocations to other revenue reserves					3,652	-3,652	0		0
Put option minority interests as of Dec.31, `07					-124		-124	-64	-188
Stand 31. Dec, 2007	8,368	1,058	-372	418	6,483	10,222	26,177	0	26,177

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2007

A. Commercial Register and Business Purpose of the Company

The parent company of the Group, CENIT Aktiengesellschaft Systemhaus, has its registered office at Industriestrasse 52-54, 70565 Stuttgart, Germany, and is filed in the commercial register of the Stuttgart district court, department B, under No. 19117.

The business purpose of the group entities is to provide all types of services in the field of installing and operating information technology and to sell and market information technology software and systems. With a focus on product life cycle and document management solutions and IT outsourcing, CENIT's two business units PLM (Product Lifecycle Management) and EIM (Enterprise Information Management) offer tailored consulting services from a single source. CENIT's focus is on business process optimization and computer-aided design and development technologies.

B. Accounting Policies

The consolidated financial statements of CENIT Aktiengesellschaft Systemhaus, Stuttgart, have been prepared and published in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code]. The management board released them to the supervisory board on **March 5, 2008**.

The consolidated financial statements have been prepared in euro. To aid clarity, all figures are presented in thousand euros (EUR k), unless otherwise indicated. The balance sheet date is December 31 of each year.

For the balance sheet classification, a distinction is made between current and non-current assets and liabilities; in the notes to the financial statements they are broken down by their term to maturity. The income statement has been presented using the nature of expense method.

The financial statements have been prepared on the basis of historical cost apart from financial assets that are held for trading or are classified on initial recognition as financial assets at fair value through profit or loss and are thus reported at fair value.

The financial statements of the entities included in the consolidated financial statements have been prepared as of the balance sheet date of the consolidated financial statements.

The consolidated financial statements are based on uniform accounting policies. The consolidated financial statements of CENIT AG Systemhaus and its subsidiaries were prepared in accordance with International Financial Reporting Standards (IFRSs).

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have amended or issued the following standards and interpretations, the adoption of which was mandatory as of the fiscal year 2007:

- IFRS 7 "Financial Instruments: Disclosures"
- Amendment of IAS 1 "Presentation of Financial Statements"
- IFRIC 8 "Scope of IFRS 2"
- IFRIC 9 "Reassessment of Embedded Derivatives"
- IFRIC 10 "Interim Financial Reporting and Impairment"

CENIT Aktiengesellschaft Systemhaus adopted the provisions of IFRS 7 and of the revised IAS 1 for the first time in the fiscal year. Adoption of these standards and interpretations did not have had an effect on the Group's net assets, financial position and results of operations. They did, however, give rise to additional disclosures.

The principal effects of these changes are as follows:

- IFRS 7 *Financial Instruments: Disclosures*

This standard requires disclosures that enable users of financial statements to evaluate the significance of the Group's financial instruments for the financial position and performance of the Group and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. The adoption of the standard did not have an effect on the Group's presentation of net assets, financial position or results of operations. The respective comparative figures have been adjusted.

- IAS 1 *Presentation of Financial Statements*

This amendment requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. The new disclosures are presented in the notes to the consolidated financial statements under F. 17 Capital Management.

- IFRIC 8 *Scope of IFRS 2*

This interpretation prescribes the application of IFRS 2 for all transactions in which an entity cannot identify specifically some or all of the goods or services received. This applies in particular when consideration for the issue of equity instruments of the entity appears to be less than the fair value. As equity instruments are only issued to employees in accordance with the employee stock option plan, the interpretation had no impact on the presentation of the net assets, financial position and results of operations of the Group.

- IFRIC 9 *Reassessment of Embedded Derivatives*

Pursuant to IFRIC 9 an entity, when it first becomes a party to a contract for a hybrid instrument, must assess whether there are any embedded derivatives contained in the contract. Subsequent reassessment is prohibited unless there is a substantial change in the terms of the contract that significantly modifies the cash flows. Since the Group does not have any derivatives that would have to be separated from the host contract, this interpretation had no effect on the Group's presentation of net assets, financial position and results of operations.

- IFRIC 10 *Interim Financial Reporting and Impairment*

The interpretation prescribes that an entity may not reverse in subsequent financial statements an impairment loss recognized in interim financial statements in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. Since the Group has not recognized any such reversals of impairment losses in the past, this interpretation has no effect on the Group's presentation of net assets, financial position and results of operations.

The IASB and the IFRIC has published the standards and interpretations listed below, which have already been adopted by the EU in the comitology procedures, but whose adoption was not mandatory for the fiscal year 2007. The Group has not early adopted these standards and interpretations.

- IFRS 8 *Operating Segments*

IFRIC 8 was published in November 2006 and is effective for the first time for fiscal years beginning on or after January 1, 2009. IFRS 8 requires the disclosure of information about an entity's operating segments and replaces the requirement to determine the entity's primary (business segments) and secondary (geographical segments) reporting formats. IFRS 8 follows the management approach, according to which segment reporting is based solely on the financial information that is available to the chief operating decision maker for the internal management of the entity. The decisive factors are the internal reporting and organizational structure as well as those financial parameters that are used in deciding how to allocate resources and in evaluating operating performance. The Group assumes that the operating segments identifiable in accordance with IFRS 8 correspond to the business segments previously identified under IAS 14 Segment Reporting. The Group does not expect first-time adoption of the standard to have an effect on the presentation of net assets, financial position or results of operations. However, first-time adoption will give rise to additional disclosures.

- IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions*

IFRIC 11 was issued in November 2006 and becomes effective for the first time in fiscal years beginning on or after March 1, 2007. In accordance with this interpretation, arrangements under which employees are granted rights to an entity's equity instruments are required to be accounted for as equity-settled share-based payment transactions when the entity buys the equity instruments from a third party or the equity instruments needed are granted by the shareholders. The Group does not expect first-time adoption of the standard to have an effect on the presentation of net assets, financial position or results of operations because the Group has already recognized share-based payment transactions as equity-settled transactions.

The IASB and the IFRIC have published the standards and interpretations listed below whose adoption was not yet mandatory for the fiscal year 2007. These standards and interpretations have not yet been adopted by the EU and have not been applied by the Group.

- Amendment to IFRS 2 *Share-based Payment*

The amendment to IFRS 2 was issued in January 2008 and becomes effective for the first time for fiscal years beginning on or after January 1, 2009. On the one hand, the amendment concerns clarification that the definition of vesting conditions only relates to the service and performance conditions. On the other hand, the regulations on the accounting treatment of a cancellation of share-based payment arrangements have also been extended to cancellation by employees. The transitional provisions provide for retrospective application of the new regulation. The Group does not expect first-time adoption of the standard to have an effect on the presentation of net assets, financial position or results of operations.

- IFRS 3 *Business Combinations*

The revised IFRS 3 was issued in January 2008 and becomes effective for the first time for fiscal years beginning on or after July 1, 2009. The standard was subject to comprehensive revision as part of the IASB and FASB convergence project. The significant revisions relate in particular to the introduction of an option for the measurement of minority interests between the purchased goodwill method and the full goodwill method, in which the entire goodwill of the acquired entity must be recognized, including that part attributable to minority interests. Other important aspects include the revaluation to profit or loss of existing capital interests when control is initially obtained (business combination achieved in stages), mandatory accounting for contingent consideration at the date of acquisition and the recognition of transaction costs in profit or loss. The transitional provisions provide for prospective application of the new regulation. There were no changes concerning the assets and liabilities arising from business combinations prior to first-time adoption of the new standard.

- IAS 1 *Presentation of Financial Statements*

The revised IAS 1 was issued in September 2007 and becomes effective for the first time for fiscal years beginning on or after January 1, 2009. The revised version of the standard comprises significant changes in presentation and disclosure of financial information in the financial statements. The new provisions require above all the introduction of a statement of comprehensive income showing both the profit or loss for the period and unrealized gains and losses previously recognized within equity. This statement of comprehensive income is to replace the income statement in its present form. In addition, a balance sheet is required not only as of the balance sheet date and the previous balance sheet date, but also as of the beginning of the comparative period if the entity applies an accounting policy retroactively, corrects an error or reclassifies an item of the financial statements.

- IAS 23 *Borrowing Costs*

The revised IAS 23 was issued in March 2007 and becomes effective for the first time in fiscal years beginning on or after January 1, 2009. The standard requires entities to capitalize borrowing costs attributable to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The standard provides for prospective application of the new regulation. The Group does not expect first-time adoption of the standard to have an effect on the presentation of net assets, financial position or results of operations because there are no significant borrowing costs and no qualifying assets are produced.

- IAS 27 *Consolidated and Separate Financial Statements*

The revised IAS 27 was published in January 2008. The amendments are effective for the first time for fiscal years beginning on or after July 1, 2009. The revisions are a product of the joint project by IASB and FASB to revise accounting regulations relating to business combinations. The revisions primarily relate to accounting for shares not involving control (minority interests) that will in future participate in full in the Group's losses and for transactions that lead to loss of control of a subsidiary and the effects of which are to be recognized in profit or loss. In contrast, the effects of disposal of shares that do not lead to loss of control should be recorded directly in equity. The transitional provisions that generally require retrospective application of revisions made, provide for prospective application in the cases listed above. Therefore, there were no changes concerning the assets and liabilities arising from such transactions prior to first-time adoption of the new standard. The Group does not expect first-time adoption of the standard to have a significant effect on the presentation of the net assets, financial position or results of operations of the Group. Because a put option is attached to the present minority interests, the changes in accounting would not be relevant.

- Amendment to IAS 32 *Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements*

The amendment to IAS 32 and IAS 1 was issued in February 2008 and became effective for the first time for fiscal years beginning on or after January 1, 2009. The amendment mainly concerns the classification of puttable shareholder contributions as equity or financial liabilities. The previous regulation forced entities in some cases to report the entity's capital as financial liabilities as a consequence of statutory termination rights on the part of the shareholder. In future, such shareholder contributions are to be classified as equity insofar as settlement at fair value is agreed and the contributions made constitute the most subordinated claim to the net assets of the entity. The Group does not expect first-time adoption of the standard to have an effect on the presentation of the net assets, financial position or results of operations of the Group because the Group does not have any capital that would have to be presented as a financial liability due to statutory rights of the shareholders to put the instruments back to the issuer.

- IFRIC 12 *Service Concession Arrangements*

IFRIC 12 was issued in November 2006 and becomes effective for the first time in fiscal years beginning on or after January 1, 2008. The interpretation governs the accounting treatment of obligations and related rights in service concession arrangements in the financial statements of operators. The Group does not expect first-time adoption of the standard to have an effect on the presentation of net assets, financial position or results of operations because the Group does not have any such obligations or related rights.

- IFRIC 13 *Customer Loyalty Programmes*

IFRIC 13 was issued in June 2007 and becomes effective for the first time in fiscal years beginning on or after July 1, 2008. According to this interpretation, award credits granted to customers must be accounted for as a separately identifiable component of the sales transactions in which they are granted. Consequently, the fair value of the consideration received must be allocated to the customer loyalty award credits and deferred. Revenue is recognized in the period in which the award credits granted are exercised or forfeited. The Group does not expect first-time adoption of the standard to have an effect on the presentation of net assets, financial position or results of operations because the Group does not have any such customer loyalty programs.

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

IFRIC 14 was issued in June 2007 and becomes effective for the first time in fiscal years beginning on or after January 1, 2008. This interpretation provides guidance for determining the maximum amount of a surplus from a defined benefit plan that can be recognized as an asset pursuant to IAS 19 Employee Benefits. The Group does not expect first-time adoption of the standard to have an effect on the presentation of net assets, financial position or results of operations because the Group does not grant its employees any defined benefit plans as defined by IAS 19.

Changes in the Presentation of the Consolidated Financial Statements

The cash and cash equivalents disclosed in the cash flow statement included money market funds in the 2006 consolidated financial statements. This presentation was changed for the 2007 consolidated financial statements and money market funds as well as related changes were included in the cash flow from investing activities since the funds' investment policy no longer satisfies the requirements of IFRS 7 for cash equivalents. This restatement reduces the cash and cash equivalents reported in the 2006 cash flow statement by EUR 8,052 k from EUR 15,667 k to EUR 7,615 k, reduces the cash used in investing activities by EUR 1,989 k from EUR -1,051 k to EUR 938 k, as well as the decrease in cash and cash equivalents by EUR 1,989 k from EUR -2,160 k to EUR -171 k. The cash and cash equivalents in the 2007 cash flow statement therefore only contains cash of EUR 8,995 k. It was therefore decided not to include the money market fund of EUR 6,320 k as cash and cash equivalents.

C. Basis of Consolidation

1. Consolidated Group

All subsidiaries and joint ventures are included in the consolidated financial statements. Subsidiaries are entities in which CENIT AG directly or indirectly holds the majority of the voting rights or has control as defined by IAS 27 due to other rights. Joint ventures are entities that are subject to joint control by the Company together with other entities. Purchase accounting is carried out as of the date at which CENIT AG gains direct or indirect control of the subsidiary. Inclusion in the consolidated financial statements ends when such control ceases.

Effective April 26, 2007, Cenit France SARL was established by CENIT AG Systemhaus. Cash and cash equivalents of EUR 10 k were contributed in connection with the establishment of the entity.

The capital of Cenit SRL Romania was raised by capital increase of May 9, 2007 by EUR 100 k to EUR 101 k.

Effective November 16, 2007, CenProCS AIRliance GmbH was established by CENIT AG Systemhaus together with two other shareholders (see no. 2 below). Cash and cash equivalents of EUR 50 k were contributed in connection with the establishment of the entity.

In addition, the Group acquired 100% of the voting shares in cad scheffler GmbH with effect as of January 1, 2008. As supplier of PLM systems solutions, cad scheffler GmbH, domiciled in Oelsnitz, is specialized in the Dassault Systèmes PLM product CATIA. By integrating cad scheffler GmbH, CENIT AG Systemhaus strengthens its market position in the PLM consulting and software market on a national and international scale. The cost of the acquisition consists of a fixed amount of EUR 1.4 million, a sales-related portion of EUR 200 k and an amount linked to working capital of EUR 740 k. The latter is calculated on the basis of the audited financial statements as of December 31, 2007 and the sales-related portion of revenue for the fiscal year 2008. In accordance with IFRS 3.36 the acquirer is required to allocate the cost of the business acquisition by recognizing the identifiable assets, liabilities and contingent liabilities of the acquiree. The Group cannot provide this information yet because the audited figures from cad scheffler GmbH's financial statements as of December 31, 2007 were not available and the disclosures in accordance with IFRS 3 are required to be calculated based on these audited figures. These disclosures will be determined in the course of purchase accounting in the first quarter of 2008.

The following entities have been included in the consolidated financial statements of CENIT AG in accordance with IAS 27: Fig. 1

2. Investment in an Associate

Since November 16, 2007, CENIT AG Systemhaus has held an investment of 33.33% in CenProCS AIRliance GmbH (CenProCS), which is accounted for as an associate. A contractual agreement has been signed by the shareholders, CENIT AG Systemhaus Stuttgart, PROSTEP AG Darmstadt, and CS SI LePlessis Robinson, France, on the provision of services by the shareholders as a one-stop shop in the area of information technology as well as the coordination and marketing of these services.

The CENIT Group accounts for its share in CenProCS using the equity method. Under the equity method, the investment in CenProCS is carried in the balance sheet at cost plus post-acquisition changes in the CENIT Group's share of net assets of CenProCS. During formation of the entity, CENIT AG Systemhaus made a cash contribution of EUR 50 k.

The income statement reflects the CENIT Group's share of the results of operations of CenProCS. Where there has been a change recognized directly in the equity of the latter, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Gains and losses on transactions between the Group and the associate are eliminated in proportion to the interest in CenProCS.

The financial statements of CenProCS are prepared as of the same balance sheet date as the financial statements of the parent company. Where necessary, adjustments are made to comply with the Group's uniform accounting policies.

3. Consolidation Methods

The balance sheets and income statements of the entities included in the Group, prepared according to uniform accounting policies as of December 31, 2007 and audited by public auditors, who rendered an unqualified opinion thereon or performed a review, form the basis for these consolidated financial statements.

Capital held in subsidiaries was consolidated by offsetting the acquisition costs against the fair value of the acquired, identified assets less liabilities and contingent liabilities allocable to the parent company at the date of acquisition. In the past, goodwill resulting from capital consolidation was generally amortized over its useful life – regularly estimated at fifteen years in the past – using the straight-line method. Goodwill was written down to net realizable value whenever the value was impaired. As of January 1, 2006 goodwill was not recognized in the balance sheet any more.

Fig. 1 ENTITIES

No.	Entity	Currency	%	of	Issued capital LC k*	Equity LC k*	Earnings LC k*	Date of purchase accounting
1	CENIT AG Systemhaus, Stuttgart/Germany	EUR	-	-	8,368	-	-	Parent company
2	Cenit (Schweiz) AG, Frauenfeld/Switzerland	CHF	90	1	500	4,006	3,257	October 26, 1999
3	CENIT NORTH AMERICA INC., Auburn Hills/USA	USD	100	1	25	1,130	458	November 29, 2001
4	CENIT SRL, Iasi/Romania	ROL	100	1	332	536	166	May 22, 2006
5	Cenit France SARL, Toulouse/France	EUR	100	1	10	6	-4	April 26, 2007
6	CenProCS AIRliance GmbH, Stuttgart/Germany	EUR	33.3	1	150	149	-1	November 16, 2007

*Thousand units of local currency

Intercompany sales, income and expenses and all intercompany receivables and liabilities were eliminated.

Neither inventories nor fixed assets contain any assets from intercompany trade.

IAS 27 requires minority interests to be reported in the consolidated balance sheet under equity in a separate item from the parent company's equity. The minority interests disclosed correspond to the shares of Cenit (Schweiz) AG that are not held by the parent company. Where there are put options in connection with the minority shareholders, the difference between liabilities from the put options and the pro rata equity attributable to the minority shareholder is recognized directly in equity.

4. Foreign Currency Translation

The presentation currency is the parent company's functional currency. The functional currency concept is applied to translate the financial statements prepared in foreign currency by the entities included in the consolidated group. The functional currency of the group entities is their respective local currency. Financial statements prepared in functional currency are translated to the Group's presentation currency using the modified closing rate method. Assets and liabilities are translated at the closing rate of the balance sheet date, while equity is translated at the historical rate and income and expenses at the annual average rate.

The resulting difference is offset directly against equity. When subsidiaries are sold, the exchange differences recognized in equity relating to these entities are released to profit or loss.

Foreign currency transactions are generally translated at the current rate of the transaction date. At the end of the fiscal year, monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Non-monetary items that were measured at their historical cost are translated at the rate of the transaction date, while non-monetary items that were measured at their fair value are translated at the rate which was current at the time the fair value was determined. Differences arising from currency translation at closing rates are recognized in profit or loss.

The following exchange rates were used for currency translation: Fig. 2

D. Accounting policies

Purchased intangible assets are stated at amortized cost including incidental acquisition cost. They are reduced by amortization over the expected useful life, usually three years, using the straight-line method. As of the balance sheet date, the balance sheet does not include any intangible assets with an indefinite useful life.

Internally generated intangible assets are not recognized due to non-fulfillment of the criteria in IAS 38.57(a-f). The expenditure of EUR 3,076 k (prior year: EUR 3,545 k) incurred in the course of optimizing existing products was recorded as an expense.

Property, plant and equipment are recorded at cost less straight-line depreciation. Cost comprises the costs for replacement parts which are recognized at the time they are incurred, providing they meet the recognition criteria. Maintenance costs are recorded directly as expenses. Items of property, plant and equipment items are depreciated on the basis of their estimated useful lives. The **useful life** of other equipment is three to five years, and five to ten years for furniture and fixtures. Buildings on third-party land (leasehold improvements) are depreciated over the terms of the lease agreements. The lease agreements expire in 2011.

No material residual values had to be considered when determining depreciation.

Residual values, depreciation and amortization methods and the useful life of property, plant and equipment and intangible assets are revised annually and adjusted if required. Any changes required are treated as changes in estimates.

An impairment test is performed at the end of the fiscal year for all intangible assets and property, plant and equipment if events or changes in circumstances indicate that the carrying amount of the assets exceeds their recoverable amount. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in profit or loss for items of property, plant and equipment and intangible assets carried at cost. The recoverable amount is the higher of an asset's net selling price and its value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties less costs to sell. The amount obtainable from the sale is determined based on market prices, valuation multipliers or other indicators available. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount is estimated for each individual asset or, if that is not possible, for the cash-generating unit.

A reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is posted as a gain to the income statement. The increased carrying amount cannot exceed the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized for the asset in prior years.

Intangible assets and property, plant and equipment are derecognized if they are sold or otherwise disposed of or if no benefit is expected from the continued use of the asset or its disposal. Gains or losses from the derecognition of assets are recorded in profit or loss as of the date of derecognition.

After application of the equity method to the CENIT Group's investment in CenProCS, the parent company determines whether it is necessary to recognize an additional impairment loss of the investment. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Company calculates the amount of impairment as being the difference between the fair value of the investment in CenProCS and the acquisition cost and recognizes the amount in the income statement.

Leases

The determination of whether an arrangement is

Fig. 2 CURRENCY TRANSLATION IN EUR

	Closing rate		Average annual rate	
	Dec. 31, 2007	Dec. 31, 2006	2007	2006
CHF	1.6547	1.6069	1.6427	1.5729
USD	1.4721	1.3170	1.3705	1.2556
ROL	3.6077	3.3835	3.3353	3.5258

or contains a lease is based on the substance of the arrangement and requires an estimate of whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;

b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or

d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting commences or ceases:

from the date when the change in circumstances gave rise to the reassessment for scenarios a), c) or d) and

at the date of renewal or extension period for scenario b).

Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term. There were no finance leases in the period under review. In addition, the Group does not act as a lessor.

Financial Instruments

Pursuant to IAS 39, a financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets include cash and cash equivalents, trade receivables and loans and receivables originated by the entity, held-to-maturity financial investments and original and derivative financial instruments held for trading. Financial liabilities generally give rise to the right to receive settlement net in cash or another financial asset. Financial instruments are recognized as soon as CENIT AG Systemhaus becomes party to the contractual provisions of the financial instrument.

Financial Investments and Other Financial Assets

Financial assets as defined by IAS 39 are broken down into financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets. When financial assets are recognized initially, they are measured at fair value, plus, in the case of financial investments which are not at fair value through profit or loss, any directly attributable transaction costs. The Group determines the classification of its financial assets upon initial recognition and, where allowed and appropriate, re-evaluates this designation at each fiscal year-end.

The classification of financial assets into measurement categories is determined after initial recognition. Where permissible, any reclassifications deemed necessary are performed at the end of the fiscal year.

Regular way purchases and sales of financial assets are recognized as of the trading date, i.e. the date on which the entity entered into the obligation to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the asset within the period generally established by regulation or convention in the marketplace.

Financial Assets at Fair Value through Profit or Loss

The category of financial assets at fair value through profit or loss includes financial assets held for trading and financial assets classified upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near future. Derivative financial instruments are also classified as held for trading unless they are designated as a hedging instrument and are effective as such. Gains or losses on investments held for trading are recognized in profit and loss.

Held-To-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity if the Group intends and is able to hold these to maturity.

Investments intended to be held for an indefinite period are not included in this category. Other non-current investments that are intended to be held to maturity are measured at amortized cost. Amortized cost is the amount at which a financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount determined using the effective interest method. This calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. For investments carried at amortized cost, gains and losses are recognized in profit or loss for the period when the investments are derecognized or impaired, as well as through the amortization process.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. These assets are measured at amortized cost using the effective interest method. A gain or loss is recognized in the profit or loss for the period when the loans and receivables are derecognized or impaired as well as through the amortization process.

Available-for-Sale Financial Assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as one of the three categories above. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value, and any gain or loss is recognized in a separate item under equity. On derecognition of the investment or identification of impairment, any cumulative gain or loss that had previously been recognized directly in equity is recognized in profit or loss.

For financial instruments that are actively traded in organized financial markets, fair value is determined by reference to bid prices quoted on a stock exchange at the close of business on the balance sheet date. The fair value of investments for which there is no active market is determined by the Company's banks using generally accepted valuation methods. Such methods are based on recent regular way transactions or on the current market value of another instrument which is essentially the same instrument or an analysis of the discounted cash flows and option pricing models.

Derecognition of Financial Assets and Financial Liabilities

Financial assets are derecognized when the entity loses its power to dispose of the contractual rights that make up the financial asset. Financial liabilities are derecognized when the obligations specified in the contract have been discharged, cancelled, or have expired.

Impairment of Financial Assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. Any impairment losses as a result of fair value falling short of the carrying amount are recognized in profit or loss.

Financial Assets Carried at Amortized Cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (with the exception of future credit defaults) discounted at the original effective interest rate of the financial asset (i.e. the interest rate determined upon initial recognition). The carrying amount of the asset is reduced either directly or by using an allowance account. The amount of the loss is recognized in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. The subsequent reversal of an impairment loss is recognized in profit and loss unless the asset's carrying amount exceeds amortized cost at the date of impairment.

Financial Assets Carried at Cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-Sale Financial Assets

If an available-for-sale asset is impaired, an amount is recognized in equity for the difference between its cost (net of any principal repayment and amortization) and current fair value less any impairment loss on that asset previously recognized in profit or loss. Reversals of impairment losses on equity instruments classified as available-for-sale are not recognized in the profit or loss for the period. Reversals of impairment losses on debt instruments are recognized in profit or loss if the increase in the instrument's fair value can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

Trade Receivables and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognized at the original invoice amount less an allowance for any uncollectible amounts. A bad debt allowance is recognized if there is objective evidence that the Group will not be able to collect the receivable. Receivables are derecognized as soon as they become uncollectible. Credit risks are taken into account through adequate specific bad debt allowances.

Derivative financial instruments are used to increase the return on investment and for hedging purposes. These derivative financial instruments are initially recognized at fair value at the time they are entered into and thereafter measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

As the derivative financial instruments do not satisfy the criteria for hedge accounting, any gains or losses from changes in fair value are immediately recognized in profit or loss.

Inventories are generally stated at the lower of cost or net realizable value. Costs of conversion are determined on the basis of full production-related costs. Net realizable value is the estimated selling price less costs to sell.

Borrowing costs are not capitalized.

Cash and short-term deposits in the balance sheet comprise cash on hand, bank balances and short-term deposits with an original maturity of three months or less.

Financial Liabilities

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and other financial liabilities designated upon initial recognition as at fair value through profit and loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near future. Gains or losses on financial liabilities held for trading are recognized in profit or loss.

Provisions are reported at the best estimate of the amount required to settle the obligation. They are created for legal or constructive obligations whose origin is in the past when it is probable that the settlement of the obligations will lead to an outflow of resources and the obligations can be reliably estimated. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset provided the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Provisions are discounted where the effect of discounting is material. The discount rate chosen is a pre-tax rate that reflects the risks specific to the liability. Discount rate adjustments are recorded as an interest expense.

Contingent liabilities are possible or existing obligations which relate to past events and which are not likely to result in an outflow of resources. They were not recorded on the face of the balance sheet. The amounts stated for contingent liabilities correspond to the scope of liability as of the balance sheet date.

Liabilities are recorded at amortized cost.

Current Tax Assets and Liabilities

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Calculation is based on the tax rates and tax laws applicable as of the balance sheet date.

Deferred taxes are recorded on temporary differences between the tax balance sheet and the consolidated financial statements according to the balance-sheet-oriented liability method described in IAS 12.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures if the entity controls the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred taxes on temporary differences are calculated at the local tax rates that are expected to apply for the individual group entity when the asset is realized or the liability is settled. Deferred tax assets and deferred tax liabilities are calculated according to the laws and regulations applicable as of the balance sheet date. Deferred tax assets are only recognized on unused tax losses to the extent that it is probable that future taxable income will be available for offsetting. The carrying amount of the deferred tax assets is reviewed for impairment as of every balance sheet date and reduced by the amount for which sufficient tax profits are no longer likely to be available.

Income tax implications related to the items posted directly to equity are also recorded directly under equity.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to offset current tax assets and current tax liabilities and if they relate to income taxes levied by the same taxation authority on the same taxable entity.

VAT

Revenue, expenses and assets are recognized net of VAT, except:

- where the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of VAT included.

The amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. In addition the following conditions must be satisfied in order for revenue to be recognized:

- *Sale of Merchandise and Goods and Rendering of Services*:

Revenue is reported net of VAT and after deduction of any rebate or discount granted. Sales are recognized as revenue on the date of delivery to the customer. Revenue from the rendering of services is recognized using the percentage of completion method. The percentage of completion is determined on the basis of the costs incurred until the balance sheet date as a percentage of the total costs estimated for the project in question. Where the outcome of the contract involving the rendering of services cannot be measured reliably, revenue is only recognized to the extent of the expenses incurred that are recoverable.

- *Multiple-Component Contracts*

Where several products are sold or services rendered to the customer, revenue is recognized based on the relative prices taken from current price lists.

- *Royalties*: Revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement.

- *Interest Income*: Revenue is recognized as the interest accrues (using the effective interest method, i.e. the rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset). Interest paid or received is disclosed as interest income and interest expenses.

- *Dividends*: Revenue is recognized when the Group's right to receive the payment is established.

Significant Accounting Judgments, Estimates and Assumptions

According to the opinion of the management board, the following judgments had the most significant effect on the amounts recognized in the consolidated financial statements.

- Research costs may not be recognized as assets. Development costs may only be recognized as an asset if all of the conditions for recognition pursuant to IAS 38.57 are satisfied, if the research phase can be clearly distinguished from the development phase and material expenditure can be allocated to the individual project phases without overlap. On account of numerous interdependencies within development projects and uncertainty about whether some products will reach marketability, some of the conditions for recognition pursuant to IAS 38 are currently not satisfied. Development costs are consequently not capitalized.

- Floating rate investments are classified and measured at fair value through profit or loss. Further explanations are contained in note F 8.

Decisions based on estimates mainly relate to provisions for which the best estimate of the amount expected to be required to settle the obligation is recognized, to bad debt allowances and to deferred tax assets recognized on unused tax losses. Further explanations are contained in notes F 6, F 13 and F 4.

Share-Based Payments

Certain employees (including the management board) of the Group are paid share-based compensation under the 2002/06 stock option plan. The employees receive equity instruments as compensation for their services ("equity-settled share-based payments").

In accordance with IFRS 2 "*Share-based Payment*", the total value of the stock options granted to management board members and key management personnel is determined as of the date of issue by applying an option pricing model. The calculated total value of the stock options as of the date of issue is distributed as personnel expenses over the period in which the entity receives the counter-performance from the employees in the form of their services (also referred to as vesting period). This period usually corresponds to the lock-up period agreed. The counter-entry is posted directly to equity.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

E. Income Statement

The income statement has been prepared using the nature of expense method.

1. Revenue

The breakdown of revenue by business unit and region is presented in the segment reporting in note H. The revenue presented results from ordinary operations.

Revenue is essentially composed of the following income items: Fig. 3

2. Other Operating Income

Other operating income comprises the following: Fig. 4

3. Cost of Materials

This item contains the cost of purchased merchandise of EUR 13,646 k (prior year: EUR 20,051 k) and the cost of purchased services of EUR 5,481 k (prior year: EUR 4,313 k).

4. Personnel Expenses

The disclosure essentially relates to salaries, voluntary social benefits, allocations to the provision for vacation, profit participations and management bonuses as well as social expenses and pension costs. Fig. 5

The pension costs are essentially the employer's contribution to the statutory pension scheme that takes the form of a state defined contribution plan in Germany. Pension costs include EUR 76 k (prior year: EUR 82 k) for contributions to the pension scheme of a large German insurance company.

An annual average of 595 (prior year: 554) persons were employed by the Group, 45 thereof were trainees (prior year: 31).

5. Amortization of Intangible Assets and Depreciation of Property, Plant and Equipment

Amortization and depreciation is broken down in the statement of changes in non-current assets presented in notes F 1 and F 2.

6. Other Operating Expenses: see Fig. 6

7. Net Interest

The total interest income and total interest expenses for financial assets and financial liabilities not measured at fair value through profit or loss breaks down as follows: Fig. 7

The net interest is as follows: see Fig. 8

8. Result from Financial Instruments at Fair Value through Profit or Loss: see Fig. 9

The Group concluded two short-term securities lending transactions with a German bank by the start of 2007. The lending transaction involves the transfer of shares from foreign issuers by the bank to CENIT AG for a period of up to two months. Over the term to maturity, CENIT AG receives dividend income from the securities and has expenses from compensation payments to the contracting party. In accordance with Sec. 8b (1) KStG ["Körperschaftsteuergesetz": German Corporate Income Tax Act] the dividend is 100% exempt from corporate income tax. The compensation payable to the bank and other fees are no longer deductible for tax purposes as of 2007 in

Fig. 3 REVENUE IN EUR K

	2007	2006
Revenues from services	46,599	46,786
Revenues from goods	12,424	20,007
Royalties	18,035	15,565
Total	77,058	82,358

Fig. 4 OTHER OPERATING INCOME IN EUR K

	2007	2006
Income from subleases	190	190
Income from insurance indemnification	79	92
Foreign exchange rate gains	4	81
Other income	328	258
Total	601	621

Fig. 5 PERSONNEL EXPENSES IN EUR K

	2007	2006
Wages and salaries	29,4333	29,513
Social security, pension and other benefit costs	5,170	5,022
Other personnel expenses	549	90
Total	35,152	34,625

Fig. 6 OTHER OPERATING EXPENSES IN EUR K

	2007	2006
Motor vehicle costs	1,651	1,454
Travel expenses	2,942	2,516
Advertising costs	1,502	1,325
Telecommunication and office supplies	735	850
Rent and rent incidentals	673	846
Rental and lease expenses	3,037	3,134
Exchange rate losses	0	167
Sundry	3,302	2,928
Total	13,842	13,220

Fig. 7 TOTAL INTEREST INCOME AND TOTAL INTEREST EXPENSES IN EUR K

	2007	2006
Interest income from bank balances and other financial assets	326	185
Interest accrued on derivative financial instruments	0	23
Other interest income	22	0
Total interest income (on a historical cost basis)	348	208
Utilization of credit lines and guarantees	49	67
Total interest expenses (on a historical cost basis)	49	67

Fig. 8 NET INTEREST IN EUR K

	2007	2006
Net interest from operations	277	118
Other net interest	22	23
Total net interest (on a historical cost basis)	299	141

accordance with Sec. 8b (10) KStG. The shares are transferred back to the contracting party upon maturity.

CENIT AG does not bear a price risk from this transaction as the condition for transfer upon maturity only involves shares of the same nature and quality and is not dependent on the price of the share in question. The dividend income of EUR 724 k resulting from the transactions is offset by expenses from compensation payments of the same amount and lending rates of EUR 21 k.

9. Income Tax

Expenses from income taxes break down as follows: Fig. 10

The current tax expense includes expenses relating to other periods of EUR 8 k (prior year: income relating to other periods of EUR 7 k).

As a result of the 2008 German Business Tax Reform, the corporate income tax rate will be reduced to 15% and trade tax will no longer be deductible; the resulting tax rate is thus 30.77% (prior year: 39.60%). Deferred tax assets decreased by EUR 44 k due to the reduction of the tax rate.

We refer to note F 3 with respect to the change in deferred taxes. The expected tax burden on the tax result is 39.60% as of the balance sheet date (prior year: 39.60%) and is calculated as follows: Fig. 11

The difference between the current tax expense and the theoretical tax expense that would result from a tax rate of 39.60% (prior year: 39.60%) for CENIT AG breaks down as follows: Fig. 12

Fig. 9 RESULT FROM FINANCIAL INSTRUMENTS IN EUR K

	2007	2006
Dividends from securities lending	724	5.012
Profits from shares	309	139
Reversal of impairment losses on investments	10	108
Gain or loss from the redemption of derivative financial instruments	16	0
Total income	1,059	5,259
Expense from negative market values of derivative financial instruments	0	57
Compensation payments for securities lending	724	5.012
Impairment of securities	9	0
Lending fee for shares	21	484
Total expense	754	5,553
Total result	305	-294

Fig. 10 INCOME TAX IN EUR K

	2007	2006
Current tax expense	2,827	2,110
Income from corporate tax moratorium	0	-699
Change in deferred taxes	25	221
Total	2,852	1,632

Fig. 11 EXPECTED TAX BURDEN IN %

	2007	2006
Trade tax at a levy rate of 437.834% (prior year: 437.834%)	17.96	17.96
Corporate income tax (25.0% of profit after trade tax; prior year: 25.0%)	20.51	20.51
Solidarity surcharge (5.5% of corporate income tax)	1.13	1.13
Effective tax rate	39.60	39.60

10. Earnings Per Share

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

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the potentially dilutive ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted earnings per share computations: Fig. 13

Since the agreed performance targets had not been met, there was no dilutive effect.

Fig. 12 EXPECTED TAX EXPENSES IN EUR K

	2007	2006
Earnings before taxes	8,968	10,034
Theoretical tax expense based on a tax rate of 39.60% (prior year: 39.60%)	3,551	3,974
Non-deductible expenses	132	158
Tax-free income	-127	-1,354
Tax credits/creditable tax	0	-771
Effects of different tax rates within the Group and tax rate changes	-742	-368
Taxes relating to other periods (reversal of income tax liabilities)	8	-7
Taxes on profits of subsidiaries not transferred	30	0
Income tax expense according to the consolidated income statement	2,852	1,632

Fig. 13 BASIC AND DILUTED EARNINGS PER SHARE COMPUTATIONS IN EUR K

	2007	2006
Net profit attributable to ordinary equity holders of the parent	6,090	8,372
Weighted average number of ordinary shares for calculation of basic earnings per share	8,367,758	8,367,758

Fig. 14 DIVIDENDS PAID IN EUR K

Dividends on ordinary shares:	2007	2006
Final dividend for 2006: 50 cents (2005: 45 cents*) [1]	4,184	3,765

[1] The disclosure for 2005 was adjusted to the share capital following the capital increase from company funds by resolution of the annual general meeting on June 13, 2006.

Fig. 15 DIVIDENDS PROPOSED IN EUR K

Dividends on ordinary shares:	2007	2006
Final dividend for 2007: 50 cents (2006: 50 cents)	4,184	4,184

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements. Under IAS 33.49, basic and diluted earnings per share total EUR 0.73 (prior year: EUR 1.00).

11. Dividends Paid and Proposed

Declared and paid during the fiscal year: see Fig. 14

Proposed for approval at AGM (not recognized as a liability as of December 31): Fig. 15

F. Balance Sheet

1. Intangible Assets

Intangible assets developed as follows in 2007: Fig. 16

Amortization is reported in the income statement under amortization of intangible assets and depreciation of property, plant and equipment.

Fig. 16 INTANGIBLE ASSETS IN EUR K

Software and licenses in such rights and assets	EUR k
Cost at January 1, 2007	1,313
Exchange difference	-1
Additions	150
Disposals	-245
At December 31, 2007	1,217
Accumulated amortization and impairment at January 1, 2007	1,065
Exchange difference	-1
Additions	148
Disposals	-245
At December 31, 2007	967
Net carrying amounts	250
	EUR k
Cost at January 1, 2006	1,084
Exchange difference	-1
Additions	231
Disposals	-1
At December 31, 2006	1,313
Accumulated amortization and impairment at January 1, 2006	962
Exchange difference	-2
Additions	106
Disposals	-1
At December 31, 2006	1,065
Net carrying amounts	248

2. Property, Plant and Equipment

Property, plant and equipment developed as follows in 2007: Fig. 17

3. Investment in an Associate

CENIT AG Systemhaus holds a share of 33.3% in CenProCS AIRliance GmbH, an entity domiciled in Stuttgart. The entity specializes in the provision

Fig. 17 PROPERTY, PLANT AND EQUIPMENT IN EUR K

	Buildings on third-party land	Technical equipment, machines	Other equipment, furniture and fixtures	Total
	EUR k	EUR k	EUR k	EUR k
Cost at January 1, 2007	721	7,186	710	8,617
Reclassification	0	0	0	0
Post reclassification	721	7,186	710	8,617
Exchange difference	-2	-19	-10	-31
Additions	229	840	284	1,353
Disposals	39	1,595	365	1,999
At December 31, 2007	909	6,412	619	7,940
Accumulated depreciation and impairment	419	6,284	548	7,251
Reclassification	0	0	0	0
Post reclassification	419	6,284	548	7,251
Exchange difference	-1	-10	-3	-14
Additions	83	618	237	938
Disposals	39	1,592	364	1,995
At December 31, 2007	462	5,300	418	6,180
Net carrying amounts	447	1,112	201	1,760
	TEUR	TEUR	TEUR	TEUR
Cost at January 1, 2006	710	6,943	688	8,341
Exchange difference	-2	-9	-3	-14
Additions	13	574	240	827
Disposals	0	322	215	537
At December 31, 2006	721	7,186	710	8,617
Accumulated depreciation and impairment	350	6,062	511	6,942
Exchange difference	0	-11	-2	-13
Additions	69	526	254	849
Disposals	0	312	215	527
At December 31, 2006	419	6,284	548	7,251
Net carrying amounts	302	902	162	1,366

of services as a one-stop shop in the area of information technology as well as the coordination and marketing of these services.

The Group's share in the assets, liabilities, revenue and expenses of the associate as of December 31, 2007 is as follows: Fig. 18

In its financial statements for the abbreviated fiscal year ended December 31, 2007, CenProCS AIRliance GmbH reports a net loss of EUR 1 k.

4. Deferred Taxes

The recognition and measurement differences determined between the earnings in the tax balance sheets and the local commercial financial statements as well as the adjustments of the local financial statements of the consolidated entities to IFRS led to deferred tax liabilities of the following amounts: Fig. 19

Except for some immaterial exchange effects, the changes in deferred tax assets and liabilities were posted to profit or loss in the reporting year and in the prior years.

Fig. 18 INVESTMENT IN AN ASSOCIATE IN EUR K

	TEUR
Current assets	0
Non-current assets	52
Current liabilities	0
Non-current liabilities	0
Total	52
Revenue	0
Other operating expenses	0
Carrying amount of the investment	52

Fig. 19 DEFERRED TAXES IN EUR K

	Deferred tax assets EUR k		Deferred tax liabilities EUR k	
	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2006
Taxes on profits of subsidiaries not transferred	0	0	30	0
Depreciation and amortization of non-current assets	0	0	44	41
General bad debt allowances	0	0	33	53
Measurement of receivables denominated in foreign currency	0	0	1	19
Receivables from contracts for services	0	0	190	294
Other provisions	49	101	7	65
Derivatives	0	140	0	0
Total	49	241	305	472
Netting	-49	-241	49	-241
Total	0	0	256	231

Deferred income tax liabilities of EUR 30 k were recognized as of December 31, 2007 for taxes on profits of a subsidiary that were not transferred. No deferred income tax liabilities were recorded on non-transferred profits of any other subsidiaries as of December 31, 2007 because management has decided that the profits of the subsidiaries not distributed in the past will not be distributed in the foreseeable future. The temporary differences associated with shares in subsidiaries for which no deferred tax liabilities were recognized amount to EUR 12 k (prior year: EUR 15 k).

The payment of dividends by CENIT AG to the shareholders did not have any income tax implications.

5. Inventories

No write-downs to net realizable value were charged in the fiscal year 2007 (prior year: EUR 102 k). Fig. 20

6. Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms.

Fig. 20 INVENTORIES IN EUR K

	Dec. 31, 2007	Dec. 31, 2006
Merchandise (at cost)	119	92
Services not yet billed (at net realizable value)	488	576
Total inventories (at the lower of cost and net realizable value)	607	668

Fig. 21 TRADE RECEIVABLES IN EUR K

	Total	thereof: neither past due nor impaired as of the balance sheet date	thereof: not impaired as of balance sheet date, but past due by			
	EUR k	EUR k	EUR k Less than 30 days	EUR k Between 30 and 60 days	EUR k Between 61 and 90 days	EUR k Between 91 and 180 days
2007	13,715	9,459	3,229	535	141	351
2006	16,243	12,531	2,987	552	53	120

Fig. 22 IMPAIRMENT OF RECEIVABLES IN EUR K

	Individually determined to be impaired EUR k
At January 1, 2006	0
Charge for the year	42
At December 31, 2006	42
Reversal	-42
At December 31, 2007	0

The age structure of trade receivables was as follows at the end of the fiscal year: Fig. 21

No trade receivables were impaired as of the balance sheet date (prior year: EUR 42 k). The receivables that are past due are owed by customers with good credit rating and are not in dispute. Movements in the provision for impairment of receivables were as follows: Fig. 22

A breakdown of receivables by country is as follows: Fig. 23

7. Other Receivables

Other receivables break down as follows: Fig. 24

All other receivables are neither impaired nor past due.

8. Other Financial Assets at Fair Value through Profit or Loss

Other financial assets break down as follows: Fig. 25

CENIT has invested EUR 1,000 k in floating rate bearer debenture bonds issued by a bank with an excellent credit rating. The interest rate is the

Fig. 23 BREAKDOWN OF RECEIVABLES BY COUNTRY IN EUR K

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Germany	11,745	13,943
Europe	612	962
Rest of the world incl. USA	1,358	1,338
Total	13,715	16,243

Fig. 24 OTHER RECEIVABLES IN EUR K

	31.Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Receivables from staff	9	5
Interest cut-off	0	29
Other taxes	58	0
Other	187	42
Total	254	76

Fig. 25 OTHER FINANCIAL ASSETS IN EUR K

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
BW Bank securities	1,000	1,000
Shares in investment funds	6,320	8,052
Bearer bonds	2,000	1,990
Total	9,320	11,042

3-month EURIBOR + 0.3%. A further EUR 5,290 k was invested in an investment fund (money market fund OptiCash), EUR 1,030 k in other shares in investment funds (cominvest Institutional Cash Plus) and EUR 2,000 k in floating rate securities. All financial instruments were classified as 'at fair value through profit or loss'. Gains or losses were recognized in profit or loss.

As of the balance sheet date, no material default risks were identifiable.

9. Current Income Tax Receivables

The long-term income tax receivables relate to the capitalized corporate income tax credits.

The current tax reimbursement claims essentially comprise claims from advance payments for corporate income tax, trade tax and income tax claims from double taxation treaties as well as the short-term portion of the capitalized corporate income tax credit.

They developed as follows: Fig. 26

10. Cash and Short-Term Deposits

Cash breaks down as follows: Fig. 27

Cash at banks earns interest at the floating rates based on daily bank deposit rates. The fair value of cash amounts to EUR 8,995 k (prior year: EUR 7,615 k).

As of the balance sheet date, the Group had undrawn credit lines totaling EUR 2,409 k (2006: EUR 2,385 k).

Cash is a component of cash and cash equivalents in the cash flow statement pursuant to IAS 7. The composition of cash and cash equivalents for the purpose of the consolidated cash flow statement is presented in note G.

11. Prepaid Expenses

These mainly include prepaid expenses for licenses and motor vehicle insurance.

Fig. 26 CURRENT INCOME TAX RECEIVABLES IN EUR K

	EUR k
At January 1, 2007 – tax reimbursement claims –	1,062
Received	-1,062
Short-term portion of corporate income tax credit	87
Capitalized	806
At December 31, 2007	893

Fig. 27 CASH AND SHORT-TERM DEPOSITS IN EUR K

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Cash at banks	8,990	7,608
Cash on hand	5	7
Total	8,995	7,615

12. Equity

Share Capital

Since the resolution adopted on June 13, 2006 to increase capital from company funds and entry in the commercial register on August 14, 2006, the share capital of the Company amounts to EUR 8,367,758.00 and is fully paid in. It is split into 8,367,758 no-par value shares of EUR 1.00 each (prior year: 8,367,758 no-par value shares of EUR 1.00 each). The shares are bearer shares and are no-par value ordinary shares only.

Authorized Capital

The management board is authorized, with the approval of the supervisory board, to increase the share capital of the Company once or in several installments by a total amount of up to EUR 4,183,879.00 (authorized capital) up until midnight on 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 must be granted subscription rights. The new shares may also be offered to one or several banks as well as one or more enterprises operating pursuant to Sec. 53 (1) Sentence 1 or Sec. 53b (1) Sentence 1 or (7) KWG ["Gesetz über das Kreditwesen": German Banking Act] with the obligation of offering them for sale to the shareholders (indirect subscription right).

The management board is authorized, with the approval of the supervisory board, to preclude the shareholders' statutory subscription rights

- For a part amount totaling up to EUR 1,945,600.00 for capital increases in return for contributions in kind for the purpose of acquiring entities or equity investments in entities. An entity or investment may only be acquired if the purpose of the target company essentially falls within the scope of the Company's purpose in accordance with Art. 2 (1) of the articles of incorporation and bylaws;

- For a part amount totaling up to EUR 836,775.00 for capital increases in return for cash contributions to issue the new shares at an issue price not significantly lower than the stock market price (Sec. 186 (3) Sentence 4 AktG ["Aktiengesetz": German Stock Corporations Act]).

If the management board does not make any use of the above authorizations to preclude subscription rights, 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 midnight on 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.

Fig. 28 CONDITIONAL CAPITAL

	Number of shares		EUR	
	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2006
2002/2006 stock option plan	520,000	520,000	520,000	520,000

Conditional Capital

The conditional capital comprises the following as of the balance sheet date: Fig. 28

2002/2006 Stock Option Plan

By resolution of the annual general meeting on June 13, 2006, the Company's share capital was conditionally increased by a maximum of EUR 520,000.00 by issuing up to 520,000 no-par value bearer shares of EUR 1.00 each (common stock). The conditional capital increase is for the sole purpose of granting shares to bearers of subscription rights which the management board was authorized to issue on the basis of the resolution by the annual general 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 subscription rights exercise their rights, which were granted on the basis of authorization by the annual general meeting on June 19, 2002 as passed in the shareholders' resolution of June 13, 2006. In each case, the new shares will participate in profits from the beginning of the fiscal year in which they are created by exercising subscription rights. The management board is authorized to decide on further details of the conditional capital increase and its implementation, subject to approval by the supervisory board.

Terms and Conditions of the 2002 Stock Option Plan in the Version Adopted in the Shareholders' Resolution on June 13, 2006

The subscription rights may only be offered 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 affiliated companies as defined by Secs. 15 et seq. AktG (group 3), and employees of affiliated companies as defined by Secs. 15 et seq. 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 two 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:

- Adjusted for possible capital measures taken by the Company in the meantime, the average closing share price of the common stock on the Frankfurt stock exchange on the last five trading days before the beginning of the exercise period 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

- Adjusted for any dividend payments, subscription rights, and other special rights having occurred in the meantime, the development of the CENIT share between issue of the options and exercise of the options was 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 subscription rights may be exercised and shares purchased through exercise of the subscription rights be sold only on the fourth bank working day and the 14 following bank working days following publication of a quarterly report, interim report or financial statements of the Company.

The closing price of the Company's common stock on the XETRA (Exchange Electronic Trading) platform (or a functionally comparable successor system taking the place of the XETRA system) Technology All Share Index on the date of the decision taken by the management or the supervisory board to issue subscription rights shall be the decisive factor for determining the value of the CENIT share on the date the options are issued.

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

The subscription rights have a term to maturity of six years. If subscription rights cannot be exercised before the end of their term, they automatically expire at the end of their term, without further notice such as a corresponding contract of declaration of expiry from the Company.

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

In the event of procedures pursuant to Secs. 327a et seq. AktG for subscription rights not exercised under this stock option plan, the provisions of Secs. 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 right is independent 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 Secs. 327b, 327f AktG less the subscription or exercise price.

The following table illustrates the number and weighted average exercise price (WAEP) of the stock options granted. Fig. 29

The weighted average remaining term of the con-

Fig. 29 NUMBER AND WEIGHTED AVERAGE EXERCISE PRICE (WAEP)

	2007		2006	
	Number	WAEP	Number	WAEP
Management board	39,000	11.10	24,000	11.10
Employees	168,000	11.10	183,000	11.10
Total	207,000	11.10	207,000	11.10

Fig. 30 BLACK-SCHOLES-OPTION PRICING MODEL

Dividend yield (%)	1.35
Expected volatility of the share (%) (=Historical volatility (%))	38.16
Risk-free interest rate (%)	2.77
Expected life of option (years)	4
Weighted average share price (EUR) (before 2006 capital increase)	22.20

tract for the outstanding stock options as of December 31, 2007 is four years (2006: five years).

Unchanged from the prior year, the weighted average fair value of the options granted amounted to EUR 640 k and was distributed over the vesting period of two years as an increase in the capital reserve. In fiscal 2007, EUR 195 k (prior year: EUR 320 k) was recognized in the income statement as personnel expenses and in the capital reserve.

The fair value of the equity-settled stock options granted is estimated as of the date of granting using the Black-Scholes option pricing model and taking account of the terms under which the options were granted. The calculation was based on the following parameters: Fig. 30

The expected life 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.

Notes on the Components of Equity

The capital reserve contains the share premium realized from issuing shares of the parent company in excess of their nominal value. If, pursuant to Sec. 272 (2) No 1 to 3 HGB, the legal reserve and the capital reserve together do not exceed a tenth of the capital stock or any higher amount stipulated in the articles of incorporation and bylaws, they may only be used in accordance with Sec. 150 AktG to offset a net loss for the year that is not covered by a profit brought forward from the prior year, or to offset a loss brought forward from the prior year that is not covered by net income for the year and cannot be offset by releasing other revenue reserves. The capital reserve was increased in the fiscal year 2007 by EUR 195 k by pro rata posting of the stock options granted under the 2002/06 stock option plan.

Other revenue reserves and the legal reserve pursuant to Sec. 150 AktG contain the profits transferred to reserves.

The currency translation reserve contains the net differences resulting from translation of the subsidiaries' financial statements that are offset against equity.

The reserves for minority interests include minority interests in the equity of Cenit (Schweiz) AG. Due to the obligation value of the put option of the minority shareholder as of December 31, 2007, the Company does not disclose any minority interests. Instead, it recognizes these under other liabilities. The difference between liabilities and the pro rata equity attributable to the minority shareholder is recognized directly in equity.

13. Current Income Tax Liabilities and Other Provisions see Fig. 31

The current income tax liabilities developed as follows: Fig. 32

The other provisions cover all identifiable obligations to third parties in accordance with IAS 37. They developed as follows: Fig. 33

The provisions will mainly be used in the following reporting period.

14. Liabilities to Banks

Liabilities to banks break down as follows: Fig. 34

The current bank liabilities of the prior year all related to short-term credits by IBM Deutschland Kreditbank GmbH, Stuttgart, for goods delivered from IBM GmbH, Stuttgart. These were repaid in full in the fiscal year.

There were no liabilities to banks as of the balance sheet date.

15. Trade Payables

Trade payables are subject to customary retentions of title to the delivered goods. See: Fig. 35

Of the total trade payables, EUR 3,432 k is due within one year (prior year: EUR 3,787 k). They are not subject to interest.

16. Other Liabilities

Other liabilities comprise: Fig. 36

Fig. 31 CURRENT INCOME TAX LIABILITIES AND OTHER PROVISIONS IN EUR K

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Current income tax liabilities	273	834
Other provisions	136	137
Total	409	971

Fig. 32 CURRENT INCOME TAX LIABILITIES IN EUR K

	EUR k
At January 1, 2007	834
Utilization	828
Reversal	6
Addition	273
At December 31, 2007	273

Fig. 33 OTHER PROVISIONS IN EUR K

	Annual general meeting EUR k	Other EUR k	Total EUR k
At January 1, 2007	100	37	137
Utilization	88	32	120
Reversal	12	0	12
Addition	125	6	131
At December 31, 2007	125	11	136

Fig. 34 LIABILITIES TO BANKS IN EUR K

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Current bank liabilities - Due within one year	0	1,249

Other liabilities are not subject to interest and will mostly be utilized during the first months of the following fiscal year.

Accruals cover all identifiable obligations to third parties in accordance with IAS 37. They are carried at the probable amount.

Accruals developed as follows: Fig. 37

17. Financial Risk Management Objectives and Policies

There are no significant differences between the carrying amount and fair value of receivables and liabilities due to their short term.

The Group is exposed to credit and liquidity risks as well as interest and exchange rate fluctuations in the course of its operations.

The general regulations for a group-wide risk policy are contained in the group guidelines. The group-wide risk policy also provides for the use of derivative financial instruments. The corresponding financial transactions are only concluded with counterparties with excellent credit ratings.

Fig. 35 TRADE PAYABLES IN EUR K

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Trade payables	3,432	3,787

Fig. 36 OTHER LIABILITIES IN EUR K

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
VAT/wage tax payables	1,370	1,565
Liabilities for social security	49	0
Accruals	2,494	4,645
Sundry	2,423	2,458
Total	6,336	8,668

Fig. 37 ACCRUALS IN EUR K

	Employer's liability insurance/ Levy in lieu of employing severely disabled persons EUR k	Vacation and bonuses EUR k	Other EUR k	Total EUR k
At January 1, 2007	190	3,285	1,170	4,645
Utilization	168	3,285	1,130	4,583
Reversal	22	0	40	62
Addition	199	1,822	473	2,494
At December 31, 2007	199	1,822	473	2,494

Credit Risk

The credit risk results from the possibility that business partners may fail to meet their obligation under financial instruments and that financial losses could be incurred as a result.

Credit ratings for new customers are made by Creditreform e.V. The payment patterns of regular customers are analyzed on an ongoing basis.

No credit rating is carried out for contracts won by our contractual partners, since this is already done at contractual partner level.

In addition, receivable balances are monitored by us on an ongoing basis with the result that the Group's exposure to risk of default is not significant.

As we do not conclude any general netting agreements with our customers, the sum of the amounts reported under assets also represents the maximum credit risk. There are no identifiable concentrations of credit risk from business relationships with single debtors or groups of debtors.

With respect to the other financial assets of the Group, which comprise cash and cash equivalents, the Group's maximum exposure to credit risk arises from default of the counterparty is equal to the carrying amount of these instruments.

Currency Risk

The foreign exchange exposure mainly arises where receivables or liabilities exist or will be generated in the ordinary course of business in a currency other than the local currency of the Company.

Foreign currency receivables and liabilities which could give rise to currency risks are not material for the Group.

In addition, there are currency risks from cash denominated in USD. The risks arising from a portfolio totaling USD 129 k (prior year: EUR 72 k) and a change of +/- 10 amount to approximately EUR 13 k (prior year: EUR 7 k). The risk is considered insignificant.

There are no other risks from foreign currencies.

Interest Rate Risk

The Group is not exposed to any risk from changes in market interest rates because it has not borrowed any long-term financial liabilities with floating interest rates.

The Group's policy is to manage its interest income using a mix of fixed and floating rate investments. To this end, the Group has entered into interest swaps, which were governed by the following agreements as of December 31, 2006:

CENIT entered into an interest swap agreement with a bank of excellent credit rating as of May 3, 2005 for an amount of EUR 2,000 k. Under the agreement, CENIT pays the respective current 3-months' EURIBOR interest rate and receives 4% in the first six months of the term and thereafter 4% weighted with the bank working days on which the ten-year swap mid rate is at least 0.95% p.a. above the two-year swap mid rate. The contractual relationship ends in May 2010 at the latest. No hedging relationship has been created on an underlying transaction. With this agreement, CENIT is seeking a higher return than it would currently receive from fixed-interest investments. The market value of the agreement as of December 31, 2006 was EUR –245 k and is recorded in the balance sheet under other liabilities. Gains and losses from the fluctuation in market value were recognized in the fiscal year 2006. The interest swap agreement was terminated prematurely as of February 28, 2007. The redemption amount was EUR 234 k. EUR 11 k was recognized in profit or loss.

In addition, CENIT entered into an interest swap agreement with a bank of excellent credit rating as of February 3, 2005 for an amount of EUR 2,000 k. Under the agreement, CENIT pays the respective current 6-months' EURIBOR interest rate and receives a fixed amount of 4% in the first six months of the term and thereafter the ten-year swap rate less 1.03%. The contractual relationship ends in February 2015 at the latest. No hedging relationship has been created on an underlying transaction. With this agreement, CENIT is seeking a higher return than it would currently receive from fixed-interest investments. The market value of the agreement as of December 31, 2006 was EUR –108 k and is recorded in the balance sheet under other liabilities for the fiscal year 2006. Gains and losses from the fluctuation in market value are recognized in profit or loss. The interest swap agreement was terminated prematurely as of November 13, 2007. The redemption payment amounted to EUR 89 k, and a gain of EUR 19 k was recognized in profit or loss.

No derivative financial instruments were used to manage interest rate risks as of the balance sheet date.

The interest income of the CENIT Group of EUR 45 k (prior year: EUR 37 k) stems from floating rate investments of EUR 1 million (prior year: EUR 1 million). The interest exposure from this investment would amount to EUR 5 k if interest rates changed by +/-10% (prior year: EUR 4 k).

The CENIT Group did not receive any dividend distributions from investments in near-money-market funds with a nominal value of EUR 6 million (prior year: EUR 8 million). The fund mainly invests in money market securities and stocks and is therefore only indirectly exposed to an interest rate risk. The interest rate risk arising from this investment is considered insignificant.

Liquidity Risk

Unused credit lines of EUR 2,409 k (prior year: EUR 2,385 k) at the disposal of the Group ensure that it has sufficient funds.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and maximum equity ratio in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the aims, guidelines and processes as of December 31, 2007 or December 31, 2006.

The Group monitors its capital in relation to total assets. Equity includes the equity attributable to equity holders of the parent. Total assets comprise the total assets reported in the consolidated bal-

Fig. 38 TOTAL ASSETS IN EUR K

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Total assets	36,610	39,210
Equity attributable to equity holders of the parent	26,177	24,304
Equity as a percentage of total assets	71.5	62.0

ance sheet (in accordance with IFRSs): Fig. 38

18. Financial Instruments

The following table shows the carrying amount and fair value of all financial instruments disclosed in the consolidated financial statements: Fig. 39

The fair value of the loans and receivables corresponds to their carrying amount because they are current assets and liabilities only.

The fair value of other financial assets at fair value through profit or loss was determined using prices quoted on active markets. Measurement at fair value gave rise to an adjustment of EUR 1 k to the carrying amount (prior year: EUR 108 k).

G. Cash Flow Statement

The cash flow statement shows how cash and cash equivalents have increased in the course of the reporting year as a result of cash received and paid. In accordance with IAS 7, a distinction is made between cash flows from operating, investing, and financing activities.

The cash flow from operating activities relates primarily to the cash flow generated by sales.

Non-cash income and expenses mainly consist of the reversal of provisions and accruals.

Fig. 39 CARRYING AMOUNT AND FAIR VALUE OF ALL FINANCIAL INSTRUMENTS DISCLOSED IN THE CONSOLIDATED FINANCIAL STATEMENTS IN EUR K

	Carrying amount EUR k	Carrying amount EUR k	Fair value EUR k	Fair value EUR k
	2007	2006	2007	2006
Financial assets				
Cash	8,995	7,615	8,995	7,615
Other financial assets at fair value through profit or loss	9,320	11,042	9,320	11,042
Loans and receivables, thereof:	13,969	16,319	13,969	16,319
• Trade receivables	13,715	16,243	13,715	16,243
• Other receivables	254	76	254	76
	32,284	34,976	32,284	34,976
Financial liabilities				
Loans and receivables, thereof:	8,349	11,786	8,349	11,786
• Current liabilities to banks	0	1,249	0	1,249
• Trade payables	3,432	3,787	3,432	3,787
• Accruals	2,494	4,292	2,494	4,292
• Other liabilities	2,423	2,458	2,423	2,458
Other financial liabilities at fair value through profit or loss, thereof:	0	353	0	353
• Accruals (derivatives without hedging relationship)	0	353	0	353
	8,349	12,139	8,349	12,139

Dividend income and the compensation payment from securities lending transactions did not affect cash and was therefore not stated separately in accordance with IAS 7.31.

Investments in property, plant and equipment, intangible assets and financial assets are included in the cash flow from investing activities.

Only assets that can be converted into cash without significant deductions and that are subject to minor fluctuations in value are included in cash and cash equivalents.

For the purpose of the cash flow statement, cash and cash equivalents comprise the following: Fig. 40

H. Segment Reporting

Segment reporting is carried out according to the rules in IAS 14 and breaks the primary reporting format down by business unit and the secondary reporting format by region.

The presentation is based on internal reporting.

The Product Lifecycle Management segment (PLM; referred to as "PLM" in the prior year) focuses on industrial customers and the corresponding technologies. Its industry focus is on the automotive, aerospace, mechanical engineering and shipbuilding industries. Special emphasis is placed on products and services in product lifecycle management, such as CATIA, Dassault or SAP.

The Enterprise Information Management segment (EIM; referred to as "ECM" in the prior year) focuses on the customer segment of trade and commerce, banks, insurance firms, utilities and logistics companies. Its range of services covers solutions for imaging, workflow, document and content management with FileNet, Groupware solutions based on Lotus Notes/Domino, effective systems management with TIVOLI and IT outsourcing for IT infrastructures and applications.

Fig. 40 CASH AND CASH EQUIVALENTS IN EUR K

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Cash		
Cash at banks	8,990	7,608
Cash on hand	5	7
Cash and cash equivalents	8,995	7,615

Fig. 41 NON-ALLOCATED SEGMENT ASSETS IN EUR K

	Dec, 31, 2007 EUR k	Dec, 31, 2006 EUR k
Deferred tax assets	0	0
Non-current income tax receivables	634	699
Current income tax assets	893	1,062
Other financial assets	9,320	11,042
Cash	8,995	7,615
Total	19,842	20,418

CENIT Aktiengesellschaft Systemhaus

Segment Reporting by Country (in accordance with IFRSs) for the Period from January 1 to December 31, 2007

in EUR k		Germany	Switzer-land	North America	Romania	France	Not allocated	Consoli-dation	Group
Internal sales	Q1 - Q4 2007	1,471	2,280	210	334	58	0	-4,353	0
	Q1 - Q4 2006	1,655	1,349	411	0	0	0	-3,415	0
External sales	Q1 - Q4 2007	69,712	1,605	5,670	71	0	0	0	77,058
	Q1 - Q4 2006	76,498	1,466	4,364	30	0	0	0	82,358
Segment assets	Q1 - Q4 2007	15,652	2,348	1,259	107	13	19,642	-2,663	36,558
	Q1 - Q4 2006	17,637	1,080	1,291	0	0	20,418	-1,216	39,210
Investment in an associate	Q1 - Q4 2007	52	0	0	0	0	0	0	52
	Q1 - Q4 2006	0	0	0	0	0	0	0	0
Investments in property, plant and	Q1 - Q4 2007	1,393	10	50	50	0	0	0	1,503
equipment and intangible assets	Q1 - Q4 2006	981	2	75	0	0	0	0	1,058

CENIT Aktiengesellschaft Systemhaus

Segment Reporting by Business Unit (in accordance with IFRSs) for the Period from January 1 to December 31, 2007

in EUR k		ECM	PLM	Not allocated	Group
External sales	Q1 - Q4 2007	28,507	48,551	0	77,058
	Q1 - Q4 2006	28,475	53,883	0	82,358
EBIT	Q1 - Q4 2007	4,955	3,409	0	8,364
	Q1 - Q4 2006	3,288	6,899	0	10,187
Share of profit of	Q1 - Q4 2007	0	0	0	0
an associate	Q1 - Q4 2006	0	0	0	0
Other interest result and	Q1 - Q4 2007	0	0	604	604
financial result	Q1 - Q4 2006	0	0	-153	-153
Income taxes	Q1 - Q4 2007	0	0	2,852	2,852
	Q1 - Q4 2006	0	0	1,632	1,632
Net income of the Group for the	Q1 - Q4 2007	4,955	3,409	-2,248	6,116
year	Q1 - Q4 2006	3,288	6,899	-1,785	8,402
Segment assets	12/31/2007	3,942	12,774	19,842	36,558
	12/31/2006	5,434	13,358	20,418	39,210
Investment in an associate	12/31/2007	0	52	0	52
	12/31/2006	0	0	0	0
Segment liabilities	12/31/2007	4,010	5,706	717	10,433
	12/31/2006	4,966	7,505	2,435	14,906
Investments in property, plant and	12/31/2007	367	1,136	0	1,503
equipment and intangible assets	12/31/2006	298	760	0	1,058
Amortization and depreciation	Q1 - Q4 2006	279	807	0	1,086
	Q1 - Q4 2005	209	747	0	956

ECM = Enterprise Content Management; PLM = Project Lifecycle Management

In the segmentation by business unit and by region, those financial assets and tax reimbursement rights and liabilities due to banks as well as current and deferred income tax liabilities and other liabilities are disclosed in the "not allocated" column for segment assets and segment liabilities respectively that could not be attributed to the respective business units.

The segmentation by region is based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

The non-allocated segment assets break down as follows: Fig. 41

The non-allocated segment liabilities break down as follows: Fig. 42

There were no material non-cash expenses in the reporting year or in the prior year except for depreciation and amortization, recording of the stock option plan and allocations to provisions.

I. Other Notes

1. Contingent Liabilities and Other Financial Obligations

As of the balance sheet date there were no contingent liabilities that would require disclosure on the balance sheet or in the notes.

The Company has other financial obligations in connection with rental and lease agreements. The resulting financial obligations have been taken into account in the table below: Fig. 43

There are contractually arranged obligations of EUR 2,340 k from a purchase agreement for shares in cad scheffler GmbH dated December 27, 2007 which will not be effectively transferred to CENIT Aktiengesellschaft Systemhaus until January 1, 2008. This purchase price obligation was due for payment on January 4, 2008.

Fig. 42 NON-ALLOCATED SEGMENT LIABILITIES IN EUR K

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Deferred tax liabilities	256	231
Current liabilities to banks	0	1.249
Other liabilities (put option minorities, Switzerland)	188	121
Current income tax liabilities	273	834
Total	717	2.435

Fig. 43 FINANCIAL OBLIGATIONS IN EUR K

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Rental and lease obligations		
Due within one year	2,854	2,227
Due in one to five years	6,466	6,359
Due in more than five years	0	0
Total	9,320	8,586

Leases

Other financial obligations principally consist of lease obligations of EUR 7,565 k (prior year: EUR 7,588 k) entered into for the office building rented in Germany. The agreements include options to extend the terms and price escalation clause as customary in the industry.

Income from sublease agreements is expected in future periods as follows: Fig. 44

2. Related Parties

Related parties of the Cenit Group within the meaning of IAS 24 only concern the members of the management board and supervisory board as well as their dependants.

Transactions with related parties were conducted by CENIT AG Systemhaus with one member of the supervisory board and his dependants. This gave rise to consulting expenses of EUR 30 k in the fiscal year 2007 (prior year: EUR 15 k). The business was transacted at arm's length conditions.

As of the balance sheet date, there were liabilities to related parties of EUR 7 k (prior year: EUR 1 k), which were settled in the first days of January.

The Company's management board members are:

- Andreas Schmidt (Dipl.-Ing.), Ebersbach, spokesperson of the management board of CENIT Aktiengesellschaft Systemhaus (until July 31, 2007), responsibilities until then: operations

- Hubertus Manthey (Dipl.-Ing.), Pliezhausen, deputy spokesperson of the management board of CENIT Aktiengesellschaft Systemhaus (until February 28, 2007), responsibilities until then: human resources, marketing, investor relations

- Christian Pusch (Dipl.-Ing.), Waldachtal, spokesperson of the management board of CENIT Aktiengesellschaft Systemhaus (since August 1, 2007), responsibilities: finance, organization, since March 1, 2007 also human resources, marketing, investor relations

- Kurt Bengel (Dipl.-Ing.), Waiblingen, member of the management board of CENIT Aktiengesellschaft Systemhaus (since January 1, 2007), responsibilities since then: operations

The Company's supervisory board members are:

- Falk Engelmann (Dipl.-Ing., self-employed management consultant), Leinfelden-Echterdingen, Chairman

- Hubert Leypoldt (Dipl.-Kfm., self-employed accountant, tax advisor, legal counsel), Dettingen/Erms, Deputy Chairman

- Dr. rer. pol. Dirk Lippold (managing director

Fig. 44 INCOME FROM SUBLEASE AGREEMENTS IN EUR K

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Income from sublease agreements		
Within one year	190	190
One to five years	523	713
More than five years	0	0
Total	713	903

of CapGemini Deutschland GmbH, Berlin), Berlin

In the reporting period, the remuneration of the management board members was as follows: Fig. 45

The remuneration was mainly for regular services performed during the fiscal year and was due in the short term.

As of the balance sheet date, the management board did not hold any shares in the Company's share capital (prior year: 377,540 shares, i.e. 3.5% of the Company's share capital).

Mr. Christian Pusch and Mr. Kurt Bengel were granted 24,000 and 15,000 stock options respectively under the stock option plan (prior year: 24,000 and 15,000 stock options respectively). The related expenses came to EUR 37 k in the reporting year (prior year: EUR 37 k).

Management board member Kurt Bengel has an additional right to termination benefits of 50% of the most recent annual fixed remuneration, provided his appointment to the management board is not extended beyond 2011.

Mr. Pusch's and Mr. Bengel's employment agreements provide for severance payments in accordance with Sec. 74 HGB for the one-year ban on competition and continued salary payments for six months to surviving dependants of management board members in the event of death.

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

In accordance with Art. 14 of the articles of incorporation and bylaws, the remuneration of the supervisory board was as follows in 2007: Fig. 46

The members of the management board, supervisory board, and other executives were covered by D

Fig. 45 REMUNERATION OF THE MANAGEMENT BOARD MEMBERS IN EUR K

	2007 EUR k	2006 EUR k
Hubertus Manthey		
Fixed remuneration	32	204
Performance-based remuneration	4	145
Andreas Schmidt		
Fixed remuneration	128	219
Performance-based remuneration	80	187
Christian Pusch		
Fixed remuneration	216	212
Performance-based remuneration	114	145
Long-term incentives	23	37
Kurt Bengel		
Fixed remuneration	167	0
Performance-based remuneration	98	0
Long-term incentives	14	0
Total	876	1,149

& O insurance throughout 2007. The contributions amounting to EUR 22,312 (prior year: EUR 21,750) were paid by the Company.

The supervisory board members hold 188,600 shares, i.e. 2.25% of the Company's share capital.

3. Changes at Shareholder Level

The Company received notification in accordance with Sec. 21 (1) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] from dit Deutscher Investment-Trust Gesellschaft für Wertpapieranlagen mbH in the course of the fiscal year 2006. In its most recent notification dated March 6, 2006, Deutsche Investment-Trust Gesellschaft für Wertpapieranlagen mbH announced the following:

"Dear Mr. Rau,

I am writing to notify you in accordance with Sec. 21 (1) WpHG that the share of our voting rights in CENIT AG exceeded the threshold of 5% on March 2, 2006 and now amounts to 6.02% (this corresponds to 251,669 of the voting rights in the mutual fund).

Yours sincerely,
Ulrich Lind Dirk Martin"

In a notification dated November 16, 2006, UBS Fund Management (Switzerland) AG announced that its share of voting rights exceeded the threshold of 5%. The notification pursuant to Sec. 21 (1) WpHG reads as follows:

"Dear Sir/Madam,

We hereby notify you in accordance with Sec. 21 (1) WpHG that the share of voting rights of our mutual fund in your company exceeded the threshold of 5% on November 14, 2006 and now amounts to 5.07%. We are sending a letter to the same effect on today's date to the German Federal Financial Supervisory Authority (BaFin) in Frankfurt a.M.

Yours sincerely,

UBS Fund Management (Switzerland) AG
Thomas Zimmerli Urs Rohner"

In a notification dated December 7, 2006, UBS AG announced that its share of voting rights exceeded the threshold of 5%. The notification pursuant to Sec. 21 (1) WpHG reads as follows:

"Dear Sir/Madam,

We refer to notification dated November 16, 2006 in which UBS Fund Management (Switzerland) AG, a wholly owned subsidiary of UBS AG, Zurich and Basle announced that it had exceeded a voting

Fig. 46 REMUNERATION OF THE SUPERVISORY BOARD IN EUR K

	Fixed remuneration 2007 EUR k	Performance-based remuneration 2007 EUR k	Fixed remuneration 2006 EUR k	Performance-based remuneration 2006 EUR k
Falk Engelmann	30	0	30	0
Hubert Leypoldt	23	0	23	0
Dr. Dirk Lippold	15	0	15	0
Total	68	0	68	0

rights threshold. We hereby notify you in accordance with Sec. 21 (1) WpHG that our share of the voting rights in CENIT AG Systemhaus (ISIN DE0005407100) exceeded the threshold of 5% on November 14, 2006 and now amounts to 5.07%. Of those, 5.07% are allocable to UBS AG pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG. We are sending a letter to the same effect on today's date to the German Federal Financial Supervisory Authority (BaFin) in Frankfurt a.M.

Yours sincerely,

UBS AG
Tobias Amiet René Frenn
Authorized signatory Authorized signatory"

Notification in accordance with Sec. 21 (1) WpHG was received from Deutsche Bank AG in the course of the fiscal year 2007. The notification is dated February 21, 2007. In this notification Deutsche Bank AG announced the following:

"Dear Sir/Madam,

We herewith inform you in accordance with Secs. 21 (1) and 24 WpHG in conjunction with Sec. 32 (2) InvG ["Investmentgesetz": German Investment Act] that the voting rights in CENIT AG Systemhaus, Industriestrasse 52-54, 70565 Stuttgart held by our subsidiary DWS Investments Italy SGR S.p.A., Via M. Gioia n.8, I-20124 Milan fell below the threshold of 3% on February 16, 2007. It now holds 1.55% of the voting rights (corresponding to 130,000 voting rights).

We have sent an identically worded notification on today's date to the German Federal Financial Supervisory Authority (BaFin).

Yours sincerely,

Deutsche Bank AG
Dr. W. Vogt Markus Bernhard Roßmann"

By letter dated February 21, 2007, Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte notified the Company that its voting rights exceeded the 3% threshold. The notification pursuant to Sec. 21 (1) WpHG reads as follows:

"Dear Sir/Madam,

We are writing to notify you that the share of voting rights held by 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% as of February 20, 2007 and now amounts to 3.94% (330,000 voting rights). Of such voting rights, 2.99% can be attributed to us pursuant to Sec. 22 (1) Sentence 1 No. 2 WpHG from Baden-Württembergische Investmentgesellschaft mbH, Stuttgart and 0.95% from Universal Investmentgesellschaft mbH, Frankfurt.

Yours sincerely,

Dr. Hepp
Deputy managing director"

Notification in accordance with Sec. 21 (1) WpHG was received from Mr. Andreas Schmidt in the course of the fiscal year 2007. The notification is dated February 23, 2007. In this notification Mr. Schmidt informs us as follows:

"Dear Sir/Madam,

I am writing to notify you in accordance with Sec. 21 (1) WpHG that the share of my voting rights in CENIT AG Systemhaus, Industriestr. 52-54, 70565 Stuttgart, fell below the threshold of 3% on February 20, 2007 and now amounts to 2.29% (corresponding to 191,792 voting rights).

Yours sincerely,
Andreas Schmidt"

Notification in accordance with Sec. 21 (1) WpHG was received from cominvest Asset Management GmbH. The notification is dated June 22, 2007 and is worded as follows:

"Dear Sir/Madam,

We are writing to notify you in accordance with Sec. 21 (1) WpHG in conjunction with Sec. 32 (2) InvG that our share in the voting rights of CENIT AG Systemhaus, Industriestraße 52-54, 70565 Stuttgart, fell below the reporting threshold of 3% on June 20, 2007 and now amounts to 2.81% (corresponding to 235,294 voting rights).

Of these voting rights, 0% (0 voting rights) are allocable to us pursuant to Sec. 22 (1) Sentence 1 No. 6 WpHG.

Reporting party:
cominvest Asset Management GmbH
Platz der Einheit 1
60327 Frankfurt am Main

Should you have any further questions, please do not hesitate to contact us at any time.

Yours sincerely,

cominvest Asset Management GmbH
Hackländer Talmann"

By letter dated July 13, 2007, Highclere International Investors Limited, London, 1 New Quebec Street, UK, notified the Company that its voting rights exceeded the 3% threshold. The notification pursuant to Sec. 21 (1) WpHG reads in the original as follows:

"Dear Sir/Madam,

Highclere International Investors Limited of 1 New Quebec Street, London, UK, herewith gives the following notice:

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

Highclere International Investors Limited, 1 new Quebec Street, London, UK

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

We hereby give notice, pursuant to sec. 21 para. 1 of the WpHG, that on 12 July 2007 our voting interest in CENIT AG Systemhaus exceeded the threshold of 3% and amounts to 3.29% (275,106 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.

Yours faithfully,

Fergus Gilmour
Chief Operation Officer"

The Company received several notifications in accordance with Sec. 21 (1) WpHG from Baden-Württembergische Investmentgesellschaft mbH in the course of the fiscal year 2007. The most recent notification is dated August 9, 2007 and is worded as follows:

"Dear Sir/Madam,

In accordance with Sec. 21 (1) WpHG, we hereby notify you of the fact that the voting rights of Baden-Württembergische Investmentgesellschaft mbH, including those for our separate trust assets, in CENIT AG Systemhaus, Industriestrasse 52-54, 70565 Stuttgart, fell below the threshold of 10% on August 9, 2007 and now amount to 9.99% in relation to 836,412 shares held.

Yours sincerely,

BWInvest
Baden-Württembergische
Investmentgesellschaft mbH
Christian Steyer Tanja Ludorf"

The Company received several notifications in the course of the fiscal year 2007 in accordance with Sec. 21 (1) WpHG from Universal Investment-Gesellschaft mbH. The most recent notification is dated August 14, 2007 and is worded as follows:

"Dear Sir/Madam,

We are writing to notify you in accordance with Secs. 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) exceeded the threshold of 3% on August 14, 2007 and on that date amounted to 3.14% (corresponding to 262,785 voting rights).

We hold 0.30% (25,000 voting rights) directly and 2.84% (237,785 voting rights) are allocable to us in accordance with Sec. 22 (1) Sentence 1 No. 6 WpHG (special funds).

Any questions relating to publication should be addressed to the Federal Financial Supervisory Agency.

Yours sincerely,
Universal-Investment-Gesellschaft mbH
Häfner Tamme"

4. Audit and Advisory Fees of the Auditor

see Fig. 47

5. Declaration Pursuant to Sec. 161 AktG on the German Corporate Governance Code

The management board and supervisory board of the Company have issued the declaration for 2007 and 2006 required by Sec. 161 AktG and made it permanently available to the shareholders.

Stuttgart, March 5, 2008

CENIT Aktiengesellschaft Systemhaus

The management board

Christian Pusch *Kurt Bengel*
(Spokesman of the management board)

Fig. 47 AUDIT AND ADVISORY FEES OF THE AUDITOR IN EUR K

	2007 EUR k	2006 EUR k
Fees for the audit of the financial statements and consolidated financial statements	87.0	90.5
Fees for other attestation and valuation services	0.0	0.0
Fees for tax advisory services	0.0	0.0
Fees for other services	5.0	5.0
Total	92.0	95.5

J. AUDIT OPINION

We have audited the consolidated financial statements prepared by CENIT Aktiengesellschaft Systemhaus, Stuttgart, comprising the income statement, the balance sheet, the statements of cash flows and changes in equity and the notes to the consolidated financial statements, together with the group management report, which has been combined with the management report of the Company, for the fiscal year from January 1 to December 31, 2007. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated 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 consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report, which has been combined with the management report of the Company, are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group 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 consolidated financial statements and the group management report, which has been combined with the management report of the Company, are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report, which has been combined with the management report of the Company. 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 consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report, which has been combined with the management report of the Company, is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Stuttgart, March 5, 2008

Ernst & Young AG

Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Göhner	Laing
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

RESPONSIBILITY STATEMENT IN THE ANNUAL FINANCIAL REPORT
(Consolidated Financial Statements)

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 consolidated financial statements:

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

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).

Executive Board

Christian Pusch
(Spokesman of the management board)

Kurt Bengel

CENIT Aktiengesellschaft Systemhaus, Stuttgart
Balance Sheet as of December 31, 2007

		Dec. 31, 2007	Dec. 31, 2006
ASSETS	EUR	EUR	EUR k
A. FIXED ASSETS			
I. Intangible assets			
Franchises, industrial rights and similar rights and assets and licenses in such rights and assets		244,421.00	247
II. Property, plant and equipment			
1. Buildings on third-party land	428,917.33		291
2. Technical equipment and machinery	1,026,619.17		816
3. Other equipment, furniture and fixtures	124,161.87		121
		1,579,698.37	
III. Financial assets			
Shares in affiliated companies	420,947.00		311
Equity investments	52,554.25		0
		473,501.25	
B. CURRENT ASSETS			
I. Inventories			
1. Work in process	760,204.10		869
2. Merchandise	103,249.49		58
		863,453.59	
II. Receivables and other assets			
1. Trade receivables	11,368,761.96		13,737
2. Receivables from affiliated companies	272,544.80		335
3. Other assets	1,683,849.61		1,835
		13,325,156.37	
III. Securities			
Other securities		9,173,810.91	10,887
IV. Cash on hand, bank balances		7,478,620.55	6,488
C. PREPAID EXPENSES			
		104,200.76	170
		33,242,862.80	36,165

EQUITY AND LIABILITIES	EUR	Dec. 31, 2007 EUR	Dec. 31, 2006 EUR k
A. EQUITY			
I. Subscribed capital		8,367,758.00	8,368
Conditional capital EUR 520,000.00 (prior year: EUR 520 k)			
II. Capital reserve		1,058,017.90	863
III. Revenue reserves			
Legal reserve		418,387.90	418
Other revenue reserves		6,370,955.48	2,871
IV. Retained earnings		6,031,473.25	7,813
		22,246,592.53	20,333
B. ACCRUALS			
1. Tax accruals	0.00		832
2. Other accruals	3,872,530.06		6,624
		3,872,530.06	
C. LIABILITIES			
1. Liabilities to banks	0.00		1,249
2. Payments received on account of orders	1,438,140.57		1,757
3. Trade payables	2,073,863.33		2,889
4. Liabilities to affiliated companies	2,022,948.45		646
5. Other liabilities	1,588,787.86		1,835
thereof for social security: EUR 0.00 (prior year: EUR 0 k)			
thereof from taxes: EUR 1,369,926.81 (prior year: EUR 1,565 k)			
		7,123,740.21	
		33,242,862.80	36,165

CENIT Aktiengesellschaft Systemhaus, Stuttgart
Income Statement for Fiscal Year 2007

			2007	2006
		EUR	EUR	EUR k
1.	Sales		71,183,262.96	78,248
2.	Decrease in work in process		-108,701.29	294
3.	Other operating income		1,846,776.83	2,019
			72,921,338.50	80,561
4.	Cost of materials			
a.	Cost of raw materials, consumables and supplies and of purchased merchandise	13,546,708.84		20,740
b.	Cost of purchased services	5,314,588.84		3,573
			18,861,297.68	
5.	PERSONNEL EXPENSES			
a.	Salaries	27,781,119.77		28,580
b.	Social security contributions	5,390,136.16		4,976
			33,171,255.93	
6.	Amortization, depreciation and write-downs on intangible assets and property, plant and equipment		1,038,767.75	927
7.	Other operating expenses		13,050,347.35	12,711
			6,799,669.79	9,054
8.	Income from equity investments including write-ups, thereof from affiliated companies: EUR 993,521.99 (prior year: EUR 282 k)		993,521.99	282
9.	Other interest and similar income including write-ups on securities classified as current assets thereof from affiliated companies: EUR 0.00 (prior year: EUR 0 k)		1,399,051.32	5,336
10.	Interest and similar expenses thereof to affiliated companies: EUR 33,823.47 (prior year: EUR 5 k)		831,638.54	5,569
11.	Result from ordinary activities		8,360,604.56	9,103
12.	Income taxes	2,412,364.58		1,272
13.	Other taxes	46,262.00		48
			2,458,626.58	
14.	Net income for the year		5,901,977.98	7,783

CENIT Aktiengesellschaft Systemhaus, Stuttgart

Statement of Changes in Fixed Assets for Fiscal Year 2007

in EUR	Acquisition and production costs				Accumulated amortization, depreciation and write-downs				Net book values	
	Jan. 1, 2007	Additions	Disposals	Dec. 31, 2007	Jan. 1, 2007	Additions	Disposals	Dec. 31, 2007	Dec. 31, 2007	Dec. 31, 2006
I. Intangible assets										
Franchises, industrial rights and similar rights and assets and licenses in such rights and assets	1,283,787.48	144,409.86	245,450.21	1,182,747.13	1,036,891.91	146,854.83	245,420.61	938,326.13	244,421.00	246,895.57
II. Property, plant and equipment										
1. Buildings on third-party land	692,933.23	220,231.03	39,144.13	874,020.13	401,725.23	82,520.17	39,142.60	445,102.80	428,917.33	291,208.00
2. Technical equipment and machinery	6,893,149.23	804,535.65	1,579,263.43	6,118,421.45	6,077,632.04	590,104.28	1,575,934.04	5,091,802.28	1,026,619.17	815,517.19
3. Other equipment, furniture and fixtures	622,079.03	223,714.82	364,561.82	481,232.03	501,440.07	219,288.47	363,658.38	357,070.16	124,161.87	120,638.96
	8,208,161.49	1,248,481.50	1,982,969.38	7,473,673.61	6,980,797.34	891,912.92	1,978,735.02	5,893,975.24	1,579,698.37	1,227,364.15
III. Financial assets										
Shares in affiliated companies	4,349,050.60	110,000.00	0.00	4,459,050.60	4,038,103.60	0.00	0.00	4,038,103.60	420,947.00	310,947.00
Equity investments	0.00	52,554.25	0.00	52,554.25	0.00	0.00	0.00	0.00	52,554.25	0.00
	4,349,050.60	162,554.25	0.00	4,511,604.85	4,038,103.60	0.00	0.00	4,038,103.60	473,501.25	310,947.00
	13,840,999.57	1,555,445.61	2,228,419.59	13,168,025.59	12,055,792.85	1,038,767.75	2,224,155.63	10,870,404.97	2,297,620.62	1,785,206.72

CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, STUTTGART

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2007

A. General

These financial statements have been prepared in accordance with Secs. 242 et seq. and Secs. 264 et seq. HGB ["Handelsgesetzbuch": German Commercial Code] as well as in accordance with the relevant provisions of the AktG ["Aktiengesetz": German Stock Corporation Act]. The Company is subject to the requirements for large corporations. The standards of the German Accounting Standards Committee e.V., Berlin, (GASC) have been observed to the extent that they are relevant to the financial statements of the Company.

B. Accounting and Valuation Methods

The following accounting and valuation methods, which remained unchanged in comparison to the prior year, have been used to prepare the financial statements.

Purchased **intangible assets** are capitalized at acquisition cost and, if they have a limited life, are reduced by amortization on a straight-line basis in accordance with their useful lives. Additions are amortized on a pro rata temporis basis.

Property, plant and equipment are capitalized at acquisition or production cost as required by tax law and, if they have a limited life, are reduced by systematic depreciation.

Amortization and depreciation is recorded over the customary useful life using the straight-line method. Pursuant to Sec. 6 (2) EStG ["Einkommensteuergesetz": German Income Tax Act], low-value assets with a value not exceeding EUR 410 are fully expensed in the year of acquisition with their immediate disposal being assumed.

Disposals are recorded at the book value of the date of disposal.

Financial assets are recognized at the lower of cost or market.

Work in process is valued at production cost or, if third-party work, at acquisition cost. Own work comprises direct labor and proportionate overheads for administration, write-downs 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 were taken into account in the valuation. A general allowance of 1% (prior year: 1%) was established for the general bad debt risk.

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

The interest rate swaps existing in the prior year at BW Bank and Deutsche Bank, each with a nominal value of EUR 2,000 k were settled at the fair value of EUR 337 k in 2007. The existing accruals for potential losses (EUR 353 k) were reversed, adding EUR 16 k to the result.

Accruals account for all foreseeable risks and contingent liabilities and are recorded at the amounts required according to prudent business judgment. The accrual for general warranties was recorded in the reporting year at 0.5% (prior year: 0.5%) of sales. Accruals do not have to be recognized to cover individual warranty cases (prior year: EUR 41 k).

Liabilities are recorded at the amount repayable.

Currency Translation

To determine the acquisition cost of affiliated companies, amounts in foreign currencies were translated at the exchange rate on the date of acquisition.

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

C. Notes to the Balance Sheet and Income Statement

I. Balance Sheet

1. Fixed Assets

The development of the fixed asset items is presented separately in the statement of changes in fixed assets.

2. Financial Assets

The information on shareholdings is shown in the attachment to the notes: Fig. 48

3. Inventories

Own work included in work in process comprises consulting and other services only, which were valued at production cost. In addition to direct costs, it includes allocable overheads and write-downs. General and administrative expenses were capitalized pro rata temporis.

Merchandise essentially comprises hardware acquired for projects. Individual 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 and receivables from affiliated companies are due within one year.

EUR 1,516 k (prior year: EUR 1,760 k) of other assets relates to tax refund claims. This includes EUR 795 k (prior year: EUR 1,061 k) in tax refund claims from double taxation treaties, corporate income tax and solidarity surcharge as well as the credit balance of EUR 721 k (prior year: EUR 699 k) from the tax moratorium. The tax as-

Fig. 48 FINANCIAL ASSETS

No.	Name and location of registered offices	Currency	Share in capital in %	Subscribed capital LC k*	Equity LC k*	Total LC k*
1	Cenit (Schweiz) AG, Frauenfeld/Switzerland	CHF	90	500	4,006	3,257
2	CENIT NORTH AMERICA INC., Auburn Hills/USA	USD	100	25	1,130	458
3	CENIT SRL, Iasi/Romania	ROL	100	322	536	166
4	CENIT FRANCE SARL, Toulouse/France	EUR	100	10	6	-4
5	CenProCS AIRliance GmbH, Stuttgart/Germany	EUR	33.3	150	149	-1

* thousand units of local currency

set from the tax moratorium came in existence as of December 31, 2006. It is not subject to interest and has therefore been discounted by 4% to its present value. Payment is due between 2008 and 2017 in ten equal annual amounts. As of December 31, 2007, EUR 87 k (prior year EUR 0.00) of the tax asset from the moratorium is deemed to be short-term, i.e. due in less than one year, and EUR 634 k (prior year: EUR 699 k) is deemed to be long-term.

5. Prepaid Expenses

This mainly concerns prepaid expenses for licenses and motor vehicle insurance.

6. Equity

Share Capital

The most recent entry in the commercial register was made 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 share capital of the Company once or in several installments to a total amount of EUR 4,183,879 (authorized capital) up until June 13, 2011, by issuing up to 4,183,879.00 new no-par value bearer shares in return for contributions in cash or in kind.

The shareholders must be granted subscription rights. The new shares may also be offered to one or several banks as well as one or more enterprises operating pursuant to Sec. 53 (1) Sentence 1 or Sec. 53b (1) Sentence 1 or (7) KWG ["Gesetz über das Kreditwesen": German Banking Act] 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

- for a part amount totaling up to EUR 1,945,600.00 for 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 Art. 2 (1) of the articles of incorporation and bylaws;

- for a part amount totaling up to EUR 836,775.00 for 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 (Sec. 186 (3) Sentence 4 AktG).

If the management board does not make any use of the above authorizations to preclude subscription rights, 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.

Conditional Capital

The conditional capital comprises the following as of the balance sheet date: Fig. 49

2002/2006 Stock Option Plan

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. In each case, the new shares will participate in profits from the beginning of the fiscal year in which they are created through the exercising of subscription rights. The management board is authorized to decide on further details of the conditional capital increase and its implementation with the approval of the supervisory board.

Terms and Conditions of the Stock Option Plan 2002 as Amended by the Shareholders' Resolution on June 13, 2006

The subscription rights may only be offered 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 affiliated companies as defined by Secs. 15 et seq. AktG (group 3), and employees of affiliated companies as defined by Secs. 15 et seq. 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 two 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:

- Adjusted for possible capital measures taken by the Company in the meantime, the average closing share price of the common stock on the Frankfurt stock exchange on the last five trading days before the beginning of the exercise period amounts to at least 135% 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:

- Adjusted for any dividend payments, subscription rights, and other special rights having occurred in the meantime, the development of the CENIT share between issue of the subscription rights and exercise of the subscription rights was 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 subscription rights may only be exercised and shares purchased by exercise of the subscription rights may only be sold on the fourth bank working day and the next 14

Fig. 49 CONDITIONAL CAPITAL

	Dec. 31, 2007 No. of shares	Dec. 31, 2006 No. of shares	Dec. 31, 2007 No. of shares	Dec. 31, 2006 No. of shares
2002/2006 Stock Option Plan	520,000	520,000	520,000	520,000
	520,000	520,000	520,000	520,000

bank working days following publication of a quarterly report, interim report or financial statements of the Company.

The closing price of the Company's common stock on the XETRA (Exchange Electronic Trading) platform (or a functionally comparable successor system taking the place of the XETRA system) Technology All Share Index on the date of the decision taken by the management or the supervisory board to issue subscription rights shall be the decisive factor for determining the value of the CENIT share on the date the subscription rights are issued.

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

The subscription rights have a term to maturity of six years. If the subscription rights cannot be exercised before the end of their term, they automatically expire at the end of their term, without further notice such as a corresponding contract of declaration of expiry from the Company.

If capital is increased from company funds (bonus shares) or if the share capital of the Company is split (stock split) or if the capital is reduced, 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 a measure becomes effective and announced to the eligible persons.

In the event of procedures pursuant to Secs. 327a et seq. AktG for subscription rights not exercised under this stock option plan, the provisions of Secs. 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 right is independent 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 Secs. 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:

	2007 NUMBER	2007 WAEP	2006 NUMBER	2006 WAEP
Management board	39,000	11.10	24,000	11.10
Employees	168,000	11.10	183,000	11.10
Total	207,000	11.10	207,000	11.10

The weighted average remaining term of the contract for the outstanding stock options as of December 31, 2007 comes to four years (2006: five years).

Unchanged from the prior year, the weighted average fair value of the options granted amounted to EUR 640 k and was recognized over the vesting period of two 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 using the Black-Scholes option pricing model and 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) – prior to capital increase	22.20

The expected life 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.

7. Capital reserve

The capital reserve was increased by EUR 195,442 to EUR 1,058,017.90 in the fiscal year by adding the expense from the 2002/2006 stock option plan.

8. Legal Reserve

At EUR 418,387.90, the revenue reserves have remained unchanged in comparison to the prior year. The annual general meeting did not make any transfer from the 2006 retained earnings.

9. Other Revenue Reserves

Other revenue reserves changed as follows: Fig. 50

10. Retained earnings see: Fig. 51

11. Accruals

Other accruals essentially comprise accruals for personnel expenses of EUR 1,963 k, accruals for general warranties of EUR 350 k and accruals for outstanding supplier invoices of EUR 1,005 k.

12. Liabilities

The **remaining terms of liabilities due to banks** developed as follows over the fiscal year: Fig. 52

The prior-year current bank liabilities all related to short-term credits by IBM Deutschland Kreditbank GmbH, Stuttgart for goods delivered from IBM GmbH, Stuttgart. These were repaid in full during the fiscal year.

Fig. 50 OTHER REVENUE RESERVES IN EUR

	EUR
January 1, 2007	2,870,955.48
Transfer from 2006 retained earnings by the annual general meeting	3,500,000.00
December 31, 2007	6,370,955.48

As of the balance sheet date, there were no liabilities to banks.

Trade payables are subject to customary retentions of title to the delivered assets.

Other liabilities break down as follows.
See Fig. 53

II. Income Statement

1. Sales see Fig. 54

92% of sales were effected within Germany, 5% in other EU countries and 3% in other countries.

2. Other Operating Income

Other operating income includes income from insurance premium refunds, rental income from subletting and income from the reversal of accruals of EUR 784 k (prior year: EUR 948 k).

Fig. 51 RETAINED EARNINGS IN EUR

	EUR
1.Profit carryforward Jan. 1, 2007	7,813,374.27
2. Distributions	
a) of a dividend of EUR 0.50 per share	-4,183,879.00
3. Withdrawals from the capital reserve	0.00
4. Withdrawals from revenue reserves	0.00
5. Transfers to the revenue reserves	
a) to legal reserve	0.00
b) to other revenue reserves	-3,500,000.00
6. Net income for the year 2007	5,901,977.98
7. Retained earnings December 31, 2007	6,031,473.25

Fig. 52 REMAINING TERMS OF LIABILITIES DUE TO BANKS IN EUR

	2007 EUR	2006 EUR
Due within 1 year	0.00	1,249,133.26

Fig. 53 OTHER LIABILITIES IN EUR K

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Tax liabilities	1,370	1,565
Liabilities related to social security	0	0
Sundry other liabilities	219	269
	1,589	1,834

Fig. 54 SALES

	2007 EUR k	2006 EUR k	Change EUR k
Services	44,304	44,827	-523
Merchandise	8,568	14,877	-6,309
Software	6,373	9,207	-2,834
License fees	8,197	6,416	1,781
Commission	3,741	2,921	820
	71,183	78,248	-7,065

Fig. 55 FINANCIAL AND INTEREST RESULT IN EUR K

Income from equity investments write-ups of financial assets:	2007 EUR k	2006 EUR k
Dividend Cenit (Schweiz) Ag	993	0
Write-up of investment in Cenit (Schweiz) AG	0	282
	993	282

Other interest and similar income:	2007 EUR k	2006 EUR k
Bank interest	317	174
Dividends from securities lending	724	5,013
Profits from shares	309	139
Write-ups of securities classified as current assets	49	10
	1,399	5,336

Interest and similar expenses:	2007 EUR k	2006 EUR k
Compensation payments for securities lending	724	5,013
Lending fee for securities	22	485
Other interest expenses	45	60
Interest expenses due to other affiliated companies	34	5
Guarantee commission	7	6
	832	5,569

3. Other Operating Expenses

Total other operating expenses rose by 3% compared to the prior year to EUR 13,050 k. Other operating expenses are mainly composed of rent and rent incidentals, vehicle costs, travel expenses, commission and marketing expenses.

There were no major income or expenses from other periods within the meaning of Sec. 277 (4) HGB.

4. Financial and Interest Result

The financial and interest result breaks down as follows: Fig. 55

5. Income Taxes See Fig. 56

6. Proposal for the Appropriation of Profits

The management board and supervisory board of the Company propose the following appropriation of profits to the annual general meeting. See Fig. 57

7. Audit and Consulting Fees of the Auditor

See Fig. 58

D. Other Notes

1. Personnel

An average of 556 (prior year: 533) members of staff were employed during the fiscal year, of which 43 (prior year: 31) were trainees.

2. Contingent Liabilities and Other Financial Obligations

There are **obligations** from **rent and lease agreements** amounting to EUR 8.8 million (prior year: EUR 7.5 million).

There are obligations totaling EUR 2,340 k arising from a purchase agreement dated December 27, 2007 for 100% of the shares in cad scheffler GmbH, Oelsnitz, which will be transferred to CENIT AG Systemhaus with effect as of January 1, 2008. This purchase price becomes due as of January 4, 2008. We make the following disclosures within the meaning of Sec. 285 Sentence 1 No. 18 HGB in connection with this purchase agreement:

The nominal value of the agreement corresponds to the subscribed capital of the GmbH of EUR 26 k. The fair value corresponds to the acquisition costs stipulated in the agreement. The acquisition costs comprise a fixed payment of EUR 1.4 million and a variable component of EUR 940 k.

There are further obligations arising from the shareholder agreement of Cenit (Schweiz) Ag of December 5, 2005.

This shareholders' agreement pertaining to Cenit (Schweiz) AG contains the following provisions relating to the shares not transferred to CENIT AG Systemhaus:

- The minority shareholder has made a commitment to offer the shares for sale to CENIT AG Systemhaus when such shareholder leaves the service of the company, and CENIT AG Systemhaus has undertaken to then acquire such shares.
- The minority shareholder grants CENIT AG Systemhaus a contingent right of preemption.
- The minority shareholder is granted the right to offer half of the shares held by that shareholder for sale to CENIT AG Systemhaus.

We make the following further disclosures in the meaning of Sec. 285 Sentence 1 No. 18 HGB in connection with this shareholders' agreement:

Fig. 56 INCOME TAXES IN EUR K

Tax expenses	2007 EUR k	2006 EUR k
Current corporate income tax expenses	1,247	453
Current solidarity surcharge expenses	68	25
Current trade tax expense	1,089	1,500
Change in short-term financial liabilities	8	-6
Tax refund from corporate tax moratorium	0	-699
	2,412	1,273

Fig. 57 PROPOSAL FOR THE APPROPRIATION OF PROFITS IN EUR

	EUR
Retained earnings	6,031,473.25
Dividend distribution (50 cents per 8,367,758 participating shares)	4,183,879.00
Addition to the reserves	
a) Legal reserves	0.00
b) Other revenue reserves	1,700,000.00
Profit carryforward	147,594.25

Fig. 58 AUDIT AND CONSULTING FEES OF THE AUDITOR

	2007 EUR k	2006 EUR k
Fees for the audit of the financial statements and consolidated financial statements	87.0	90.5
Fees for other attestation and valuation services	0.0	0.0
Fees for tax advisory services	0.0	0.0
Fees for other services	5.0	5.0
Total	92.0	95.5

The nominal value corresponds to the pro rata subscribed capital and the legal reserve of Cenit (Switzerland) AG as of December 31, 2007 amounting to CHF 750 k (prior year: CHF 509 k). The fair value of EUR 188 k (prior year: EUR 122 k) corresponds to the conditions stipulated in the agreement on establishing the purchase price on the basis of earnings ratios.

3. Company Boards

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

- Dipl.-Ing. Andreas Schmidt, Ebersbach, spokesman of the management board of CENIT AG (until July 31, 2007), field of responsibility until that date: operations

- Dipl.-Ing. Hubertus Manthey, Pliezhausen, deputy spokesman of the management board of CENIT AG (until February 28, 2007), field of responsibility until that date: personnel, marketing,investor relations),

- Dipl.-Wirt.-Ing. Christian Pusch, Waldachtal, spokesman of the management board of CENIT AG (from August 1, 2007), field of responsibility until that date: finance, organization, from March 1, 2007 also personnel, marketing, investor relations),

- Dipl.-Ing. Kurt Bengel, Waiblingen (from January 1, 2007), field of responsibility from this date: operations

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

- Dipl.-Ing. Falk Engelmann (independent management consultant), Leinfelden-Echterdingen, chairman

- Dipl.-Kfm. Hubert Leypoldt (independent German public auditor, tax advisor, legal counsel), Dettingen/Erms, deputy chairman

- Dr. rer. pol. Dirk Lippold (managing director of Capgemini Deutschland GmbH, Berlin), Berlin

Norbert Fink (Dipl.-Ing., management consultant, Metzingen) is a substitute member for the supervisory board members Engelmann, Leypoldt and Dr. Lippold pursuant to Art. 10 (3) of the Company's articles of incorporation and bylaws subject to the condition that Mr. Fink is made a member of the supervisory board if one of the supervisory board members resigns before the end of the term of office, and that Mr. Fink is again appointed substitute member when the annual general meeting appoints a new supervisory board member for the member replaced by Mr. Fink.

The members of the supervisory board do not belong to any other supervisory boards.

In the reporting period, the remuneration of the management board members was as follows: Fig. 59

Mr. Christian Pusch was granted 24,000 stock options under the stock option plan (prior year: 24,000 stock options) and Mr. Kurt Bengel was granted 15,000 stock options (prior year: 15,000 stock options). In the reporting year, the expense came to EUR 37 k (prior year: EUR 37 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 Sec. 74 HGB for the term of a one-year restraint on competition and full remuneration 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 Art. 14 of the articles of incorporation and bylaws, the remuneration of the supervisory board was as follows in 2007: Fig. 60

The D & O insurance was continued in fiscal 2007 for management board members, supervisory board members as well as other executives. The premiums of EUR 22,312 (prior year: EUR 21,750) were borne 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 188,600 shares, i.e. 2.3% of the Company's capital stock.

4. Changes at Shareholder Level

The Company received notification in accordance with Sec. 21 (1) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] from dit Deutscher Investment-Trust Gesellschaft für Wertpapieranlagen mbH in the course of the fiscal year 2006. In its most recent notification dated March 6, 2006, Deutsche Investment-Trust Gesellschaft für Wertpapieranlagen mbH announced the following:

"Dear Mr. Rau,

I am writing to notify you in accordance with Sec. 21 (1) WpHG that the share of our voting rights in CENIT AG exceeded the threshold of 5% on March 2, 2006 and now amounts to 6.02% (this

Fig. 59 REMUNERATION OF THE MANAGEMENT BOARD MEMBERS IN EUR K

	2007 EUR k	2006 EUR k
Andreas Schmidt		
Fixed remuneration	128	219
Performance-based remuneration	80	187
Hubertus Manthey		
Fixed remuneration	32	204
Performance-based remuneration	4	145
Christian Pusch		
Fixed remuneration	216	212
Performance-based remuneration	114	145
Long-term incentive	23	37
Kurt Bengel		
Fixed remuneration	167	0
Performance-based remuneration	98	0
Long-term incentive	14	0
Total	876	1,149

Fig. 60 REMUNERATION OF THE SUPERVISORY BOARD IN EUR K

	Fixed remuneration	Performance-based remuneration	Fixed remuneration	Performance-based remuneration
	2007 EUR k	2007 EUR k	2006 EUR k	2006 EUR k
Falk Engelmann	30	0	30	0
Hubert Leypoldt	23	0	23	0
Dr. Dirk Lippold	15	0	15	0
Total	68	0	68	0

corresponds to 251,669 of the voting rights in the mutual fund).

Yours sincerely,

Ulrich Lind Dirk Martin"

In a notification dated November 16, 2006, UBS Fund Management (Switzerland) AG announced that its share of voting rights exceeded the threshold of 5%. The notification pursuant to Sec. 21 (1) WpHG reads as follows:

"Dear Sir/Madam,

We hereby notify you in accordance with Sec. 21 (1) WpHG that the share of voting rights of our mutual fund in your company exceeded the threshold of 5% on November 14, 2006 and now amounts to 5.07%. We are sending a letter to the same effect on today's date to the German Federal Financial Supervisory Authority (BaFin) in Frankfurt a.M.

Yours sincerely,

UBS Fund management (Switzerland) AG
Thomas Zimmerli Urs Rohner"

In a notification dated December 7, 2006, UBS AG announced that its share of voting rights exceeded the threshold of 5%. The notification pursuant to Sec. 21 (1) WpHG reads as follows:

"Dear Sir/Madam,

We refer to notification dated November 16, 2006 in which UBS Fund Management (Switzerland) AG, a wholly owned subsidiary of UBS AG, Zurich and Basle announced that it had exceeded a voting rights threshold. We hereby notify you in accordance with Sec. 21 (1) WpHG that our share of the voting rights in CENIT AG Systemhaus (ISIN DE0005407100) exceeded the threshold of 5% on November 14, 2006 and now amounts to 5.07%. Of those, 5.07% are allocable to UBS AG pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG. We are sending a letter to the same effect on today's date to the German Federal Financial Supervisory Authority (BaFin) in Frankfurt a.M.

Yours sincerely,

UBS AG

Tobias Amiet Prokurist [*Authorized Signatory*]
René Frenn Prokurist [*Authorized Signatory*]"

Notification in accordance with Sec. 21 (1) WpHG was received from Deutsche Bank AG in the course of the fiscal year 2007. The notification is dated February 21, 2007. In this notification Deutsche Bank AG announced the following:

"Dear Sir/Madam,

We herewith inform you in accordance with Secs. 21 (1) and 24 WpHG in conjunction with Sec. 32 (2) InvG ["Investmentgesetz": German Investment Act] that the voting rights in CENIT AG Systemhaus, Industriestrasse 52-54, 70565 Stuttgart held by our subsidiary DWS Investments Italy SGR S.p.A., Via M. Gioia n.8, I-20124 Milan fell below the threshold of 3% on February 16, 2007. It now holds 1.55% of the voting rights (corresponding to 130,000 voting rights).

We have sent an identically worded notification on today's date to the German Federal Financial Supervisory Authority (BaFin).

Yours sincerely,

Deutsche Bank AG
Dr. W. Vogt Markus Bernhard Roßmann"

By letter dated February 21, 2007, Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte notified the Company that its voting rights exceeded the 3% threshold. The notification pursuant to Sec. 21 (1) WpHG reads as follows:

"Dear Sir/Madam,

We are writing to notify you that the share of voting rights held by 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% as of February 20, 2007 and now amounts to 3.94% (330,000 voting rights). Of such voting rights, 2.99% can be attributed to us pursuant to Sec. 22 (1) Sentence 1 No. 2 WpHG from Baden-Württembergische Investmentgesellschaft mbH, Stuttgart and 0.95% from Universal Investmentgesellschaft mbH, Frankfurt.

Yours sincerely,

Dr. Hepp
Deputy managing director"

Notification in accordance with Sec. 21 (1) WpHG was received from Mr. Andreas Schmidt in the course of the fiscal year 2007. The notification is dated February 23, 2007. In this notification Mr. Schmidt informs us as follows:

"Dear Sir/Madam,

I am writing to notify you in accordance with Sec. 21 (1) WpHG that the share of my voting rights in CENIT AG Systemhaus, Industriestr. 52-54, 70565 Stuttgart fell below the threshold of 3% on February 20, 2007 and now amounts to 2.29% (corresponding to 191,792 voting rights).

Yours sincerely,

Andreas Schmidt"

Notification in accordance with Sec. 21 (1) WpHG was received from cominvest Asset Management GmbH. The notification is dated June 22, 2007 and is worded as follows:

"Dear Sir/Madam,

We are writing to notify you in accordance with Sec. 21 (1) WpHG in conjunction with Sec. 32 (2) InvG that our share in the voting rights of CENIT AG Systemhaus, Industriestr. 52-54, 70565 Stuttgart fell below the reporting threshold of 3% on June 20, 2007 and now amounts to 2.81% (corresponding to 235,294 voting rights).

Of these voting rights, 0% (0 voting rights) are allocable to us pursuant to Sec. 22 (1) Sentence 1 No. 6 WpHG.

Reporting party:
cominvest Asset Management GmbH
Platz der Einheit 1
60327 Frankfurt am Main

Should you have any further questions, please do not hesitate to contact us at any time.

Yours sincerely,

cominvest Asset Management GmbH
Hackländer Talmann"

By letter dated July 13, 2007, Highclere International Investors Limited, London, 1 New Quebec Street, UK, notified the Company that its voting rights exceeded the 3% threshold. The notification pursuant to Sec. 21 (1) WpHG reads in the original as follows:

"Dear Sir/Madam,

Highclere International Investors Limited of 1 New Quebec Street, London, UK, herewith gives the following notice:

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

Highclere International Investors Limited, 1 new Quebec Street, London, UK

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

We hereby give notice, pursuant to Sec. 21 (1) WpHG, that on 12 July 2007 our voting interest in CENIT AG Systemhaus exceeded the threshold of 3% and amounts to 3.29% (275,106 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 (1) Sent. 1 No. 6 WpHG.

Voting rights are attributed to us by The Highclere International Investors Smaller Companies Fund.

Yours faithfully,

Fergus Gilmour
Chief Operation Officer"

The Company received several notifications in accordance with Sec. 21 (1) WpHG from Baden-Württembergische Investmentgesellschaft mbH in the course of the fiscal year 2007. The most recent notification is dated August 9, 2007 and is worded as follows:

"Dear Sir/Madam,

In accordance with Sec. 21 (1) WpHG, we hereby notify you of the fact that the voting rights of Baden-Württembergische Investmentgesellschaft mbH, including those for our separate trust assets, in CENIT AG Systemhaus, Industriestrasse 52-54, 70565 Stuttgart, Germany, fell below the threshold of 10% on August 9, 2007 and now amount to 9.99% in relation to 836,412 shares.

Yours sincerely,

BWInvest
Baden-Württembergische
Investmentgesellschaft mbH
Christian Steyer Tanja Ludorf"

The Company received several notifications in the course of the fiscal year 2007 in accordance with Sec. 21 (1) WpHG from Universal Investment-Gesellschaft mbH. The most recent notification is dated August 14, 2007 and is worded as follows:

"Dear Sir/Madam,

We are writing to notify you in accordance with Secs. 21 (1) and 22 (1) No. 6 WpHG that our share in the voting rights of CENIT AG Systemhaus, Industriestr. 52-54, 70565 Stuttgart, Germany (ISIN: DE0005407100) exceeded the threshold of 3% on August 14, 2007 and on that date amounted to 3.14% (corresponding to 262,785 voting rights).

We hold 0.3% (25,000 voting rights) directly and 2.84% (237,785 voting rights) are allocable to us in accordance with Sec. 22 (1) Sent. 1 No. 6 WpHG (special funds).

Any questions relating to publication should be addressed to the Federal Financial Supervisory Agency.

Yours sincerely,

Universal-Investment-Gesellschaft mbH
Häfner Tamme"

E. Group Relationships

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

F. Declaration Pursuant to Sec. 161 AktG on the German Corporate Governance Code

The management board and supervisory board of the Company have issued the declaration for 2007 and 2006 required by Sec. 161 AktG and made it permanently available to the shareholders.

Stuttgart, March 5, 2008

CENIT Aktiengesellschaft Systemhaus

The management board

Christian Pusch *Kurt Bengel*
(Spokesman of the management board)

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, which was combined with the group management report, of CENIT Aktiengesellschaft Systemhaus, Stuttgart, for the fiscal year from January 1 to December 31, 2007. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law 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

We have audited the 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 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 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, March 5, 2008

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Göhner	Laing
Wirtschaftsprüfer	*Wirtschaftsprüfer*
[German Public Auditor]	*[German Public Auditor]*

CORPORATE GOVERNANCE CODEX

Report on the Code of Conduct on Corporate Governance. Declaration of Conformity pursuant to § 161 Aktiengesetz (Stock Corporations Act) on the German Code of Conduct on Corporate Governance, as amended on June 14, 2007

The Board of Directors and the Supervisory Board of CENIT AG Systemhaus declare that the recommendations of the "Government Commission on the German Code of Conduct on Corporate Governance", 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 cited below. Previous and current deviations from the Code are presented below; the respective text of the Code is given in italics.

- No. 2.3.1 Sentence 3 of the Code (Internet publication of reports and documents which must by law be submitted to the annual shareholders' meeting)

The Board shall publish the reports and documents which must by law be submitted to the annual shareholders' meeting, including the annual report, in a readily available form on the Company's website, together with the agenda.

CENIT AG Systemhaus has complied with this recommendation since the invitation to the 3rd annual shareholders' meeting on June 20, 2001.

- No. 2.3.3 Sentence 3, first half-sentence of the Code (Appointment of a proxy bound by instructions)

The Board shall ensure the appointment of a proxy bound by instructions for purposes of exercising shareholder voting rights; [...].

CENIT AG Systemhaus has not complied with this recommendation in the past. A proxy bound by instructions was appointed on the occasion of the 2003 annual shareholders' meeting.

- 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, an 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 intentional breaches of duty. For the time being, an own-risk retention for cases of negligent breaches of duty is not being considered.

- No. 3.10 Sentences 1 and 2 of the Code (Report on the Company's corporate governance within the annual report)

The Board of Directors and the Supervisory Board shall report annually on the Company's corporate governance as part of the annual report (Corporate Governance Report). This shall include comments on any deviations from the recommendations of this Code. Comments may also be made on the proposals of the Code.

CENIT AG Systemhaus has complied with this recommendation since 2003.

- No. 4.2.3 Sentences 1 and 12 of the Code (Main features of the remuneration system)

The overall remuneration of the Board Members encompasses monetary remuneration, pension allowances, other allowances – particularly as gran-

ted in the event of a termination of the activity –, fringe benefits of any nature, and services by third parties which have been pledged with respect to activity on the Board or have been awarded during the respective business year [...] The Chairman of the Supervisory Board shall inform the annual shareholders' meeting of the main features of, and amendments to, the remuneration system.

CENIT AG Systemhaus does not provide comments on its remuneration system on its website. However, comments on the remuneration system are provided at the annual shareholders' meeting and in the annual report.

- 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 the 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 number of Members, the Supervisory Board does not create a separate Audit Committee.

- 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 a success-based remuneration in addition to a fixed remuneration. On May 31, 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 a fixed remuneration. There are no plans to again revise this amendment of the Articles of Association.

- No. 7.1.2 Sentence 2, 2nd half-sentence of the Code (Publication of interim reports)

[...], the interim reports shall be made publicly available within a period of 45 days after the end of the reporting period.

CENIT AG Systemhaus did not comply with this recommendation on two occasions in 2002 but has complied with this recommendation since 2003.

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

Stuttgart, August 2007

- Falk Engelmann, Chairman, Supervisory Board
- Hubert Leypoldt, Member, Supervisory Board
- Dr. Dirk Lippold, Member, Supervisory Board

- Kurt Bengel, Member, Board of Directors
- Christian Pusch, Speaker, Board of Directors

CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, STUTTGART

GLOSSARY

AMO: Abbreviation for Application Management Outsourcing. Application Management Outsourcing is a variant of outsourcing in which the license and infrastructure remain with user, while the service provider performs services such as development, implementation, support, or migration of the application. These services are provided on the basis of detailed Service Level Agreements (SLAs). Outtasking extends this definition to infrastructure- and/or application-related tasks.

CAD: Abbreviation for Computer-Aided Design. Software solutions for product design.

CAE: Abbreviation for Computer-Aided Engineering. Software solutions for simulating the physical behavior of a future product.

CAM: Abbreviation for Computer-Aided Manufacturing. Software solutions for defining manufacturing processes.

CATIA: PLM solution by Dassault Systèmes. With the aid of CATIA, users can manage the entire range of industrial design processes, from marketing and the original concept to product design, analysis and assembly, and finally to maintenance.

Collaborative Workspace: Networked working environment. All parties involved in the product lifecycle (construction, marketing, sales, manufacturing, OEMs, suppliers, and customers) have access to the work in progress and can participate in construction.

CRM: Abbreviation for Customer Relationship Management. A business strategy which assists enterprises in managing customer relations. Thus a CRM database permits access to individual customer data and allows enterprises to satisfy customer requirements via product plans and product offers, react to special service requirements, and obtain information on previous acquisitions by the customer.

DELMIA: PLM solution by Dassault Systèmes. DELMIA offers manufacturers the means to digitally plan, develop, monitor and control manufacturing and service processes.

Digital Factory: Three-dimensional graphic simulation of a factory by way of digitally integrated systems (e.g. DELMIA).

Digital Manufacturing (DMF): Planning and simulation of manufacturing processes via networking of digitally integrated systems (e.g. DELMIA). Developed for purposes of optimizing production costs, ergonomics, assembly line arrangement, productivity, and scheduling.

DMU: Abbreviation for Digital Mock-Up. Virtual design and 3D simulation of a product and all of its component parts. The use of digital/virtual mock-ups eliminates the need for costly actual prototypes.

ECM: Abbreviation for Enterprise Content Management. ECM permits an enterprise to not only store all relevant information, but to also manage and reuse it. This reduces down-times and simultaneously increases the quality of products and services.

EIM: Abbreviation for Enterprise Information Management. EIM extends to all solutions and consulting services that generate structured and unstructured data, both within the enterprise and externally. EIM ensures high availability and security of data and optimizes the exchange of data between users. EIM is a holistic data management concept that ensures a consistent, transparent and reliable information structure. It encompasses all current and previous solutions and consulting services related to Enterprise Content Management, Groupware, Infrastructure Management und Application Management Outsourcing, Systems Management, Hotline Service, and remote maintenance of hard- and software.

ENOVIA: PLM solution portfolio by Dassault Systèmes. ENOVIA supports cooperative enterprise-wide product development – in the true sense of holistic product lifecycle management (PLM).

ERP: Abbreviation for Enterprise Resource Planning. A business strategy which supports enterprises in managing their core business fields: acquisitions, inventory, suppliers, customer service, and order tracking. ERP can also be used in financial and staff administration. An ERP system is usually based on a series of software modules linked to a relational database.

Expanded enterprise: A term used to describe all of the participants in product development. In addition to the individuals who are normally part of an enterprise (staff, managers, board), an expanded enterprise also includes business partners, suppliers, manufacturers (OEMs), and customers. To ensure that the expanded enterprise operates efficiently, participants must be able to exchange product data between one another and work on the data jointly.

Knowledgeware: Tools which support an enterprise by facilitating the gathering, exchange and reuse of knowledge. By way of a consistent reuse of valuable, already available information, enterprises can optimize Product Lifecycle Management and facilitate automated construction.

NC: Abbreviation for Numerical Control. Control of machinery or processes via numerical control commands.

PDM: Abbreviation for Product Data Management. A concept developed to store and manage product-defining and product presentation data and documents generated during product development, and to make these available in later phases of the product lifecycle.

PLM: Abbreviation for Product Lifecycle Management. A business strategy which assists enterprises in exchanging product data, applying uniform processes, and making use of the enterprise's product development knowledge, from initial concept to final redundancy, across the entire expanded enterprise. Thanks to the integration of all involved parties (enterprise divisions, business partners, suppliers, OEMs and customers), PLM offers the entire network the means to operate as a single entity and to jointly conceive, develop, build and service products.

SCM: Abbreviation for Supply Chain Management. A business strategy which assists enterprises in coordinating the flow of commodities, information and funds between the individual enterprises in a value chain.

SLA: Abbreviation for Service Level Agreement. SLAs define the qualitative and quantitative customer-specific objectives in the field of AMO, with the aim of achieving long-term, successful cooperation.

NOTES: