GROUP FINANCIAL REPORT 2009

CENIT AG SYSTEMHAUS

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ENTERPRISE INFORMATION MANAGEMENT
ACCELERATING PROCESSES, PUTTING KNOWLEDGE TO USE.

PLM

PRODUCT LIFECYCLE MANAGEMENT
FASTER DEVELOPMENT OF BETTER PRODUCTS.

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CENIT AG SYSTEMHAUS

GROUP FINANCIAL REPORT 2009

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KOMPAKT 2009

CENIT Kennzahlen 2005 - 2009

in Mio. EUR	2009	2008	2007	2006	2005
				Kapitalerhöhung/ Aktiensplit 1:2	
Stückzahl Aktien	8.367.758	8.367.758	8.367.758	8.367.758	4.183.879
Umsatz	86,49	83,36	77,06	82,36	74,30
EBITDA	5,29	6,19	9,45	11,14	10,23
EBIT	3,89	4,78	8,36	10,19	9,41
Konzernergebnis	2,72	3,33	6,10	8,40	6,80
Ergebnis pro Aktie in EUR	0,33	0,40	0,73	1,00	1,61
Dividende pro Aktie in EUR	0,30 Vorschlag	-	0,50	0,50	0,90 (inkl. Sonderdiv.)
Eigenkapitalquote in %	64,0	64,0	72,0	62,0	58,0
Mitarbeiterzahl	695	721	636	576	523

MARKTKAPITALISIERUNG STICHTAG 31.12.2009	: 37,15 MIO. EUR
ANZAHL DER AKTIEN	: 8,4 MIO.
HANDELSVOLUMEN/TAG	: 23.078 AKTIEN
AKTIENKURS IM JAHRESDURCHSCHNITT	: 3,86 EUR
JAHRESHOCH	: 5,00 EUR
JAHRESTIEF	: 2,40 EUR

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COMPACT 2009

CENIT Key Data 2005 - 2009

in EUR millions	2009	2008	2007	2006	2005
				Capital increase/ Stock split 1:2	
Number of Shares	8,367,758	8,367,758	8,367,758	8,367,758	4,183,879
Total Revenue	86.49	83.36	77.06	82.36	74.30
EBITDA	5.29	6.19	9.45	11.14	10.23
EBIT	3.89	4.78	8.36	10.19	9.41
Net Income	2.72	3.33	6.10	8.40	6.80
EPS in EUR	0.33	0.40	0.73	1.00	1.61
Dividend per Share in EUR	0.30 Proposal	-	0.50	0.50	0.90 (incl. extra dividend)
Equity Ratio in %	64.0	64.0	72.0	62.0	58.0
Number of Employees	695	721	636	576	523

MARKET CAP RECORD DATE 31.12.2009	: 37.15 MIO. EUR
TOTAL NO. OF SHARES	: 8.4 MIO.
AVG. DAILY VOLUME	: 23,078 SHARES
AVGERAGE SHARE PRICE PER ANNUM	: 3.86 EUR
HIGH	: 5.00 EUR
LOW	: 2.40 EUR

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WE ARE THE SPECIALIST FOR IT-BASED MANAGEMENT OF ENTERPRISE-RELEVANT DOCUMENTS AND INFORMATION IN CORE PROCESSES.

ENTERPRISE INFORMATION MANAGEMENT
ACCELERATING PROCESSES, PUTTING KNOWLEDGE TO USE.

PREFACE OF THE MANAGEMENT BOARD

LADIES AND GENTLEMEN,

The Management Board believes that CENIT AG will face major challenges during the current business year. In this we are not alone: The entire IT sector has geared up for a difficult year. CENIT's main customer segments – financial service providers and manufacturing enterprises – have been particularly hard hit by the effects of the global financial and economic crisis. We have to hold our ground against this negative trend. Nevertheless, CENIT remains a financially sound, a strong and, first and foremost, an innovative enterprise. That is why we are firmly convinced that we will master the current challenges and emerge from the crisis stronger than before.

As a consequence of the global financial and economic crisis, our most important markets are reluctant to make investments. However, 2009 did see ups as well as downs. In the market segments important to us, such as the automotive industry, the situation was compounded by the fact that demand structures led to over-capacities, which in turn resulted in short-time work and non-investment. At present, it is difficult to project when and to what degree demand will revive.

In view of the current market situation, we remain cautious but optimistic. Despite the current, highly unfavorable financial framework conditions, we have sufficient liquidity at our disposal to be able to strengthen our market position. The assessment of potential takeover candidates within Germany and abroad is part of this strategy.

The basis and the precondition on which our projections for the coming two years hinge are a stable overall political framework and the assumption that the worldwide crisis did in fact hit the bottom in 2009. Special opportunities and risks may arise from developments in the automotive and aerospace industries as well as in the financial services sector. Here, a major condition of a positive development for CENIT is that we realize our projections for the market success of CENIT's software products. In addition, we intend to seize the opportunities that will arise from our first public-sector customer projects. Our software products can play a pioneering role in innovative technologies and processes for a sustainable and effective public administration.

In the markets targeted by us, it will be particularly important for us to undertake precise evaluations of the purpose and necessity of investments by and business potentials for CENIT, especially where our international business is concerned.

If we can achieve solid capacity utilization and a solid increase in our software product business, we can accomplish profit growth. This is the approach we must promote and expand. To this end, we need maximum flexibility in terms of financing. To be proactive, one also needs the freedom to act quickly

and independently, so as not to miss out on available opportunities.

With our excellently trained employees and our experienced management, we can master the current economic crisis and achieve success – and that's precisely what we intend to continue to strive for and accomplish in the future.

For the 2010 business year, the sales-oriented development of our software business and the expansion of our services business will be among our top priorities. In addition, our strong cash flow will enable us to continue making acquisitions that strengthen us technologically or in terms of our market position.

Dear shareholders and customers, we would like to take this opportunity to thank you for the trust you have accorded us over the past business year. Our thanks also go to our highly motivated and qualified employees. We wish to express our thanks for their achievements, also on behalf of the Supervisory Board.

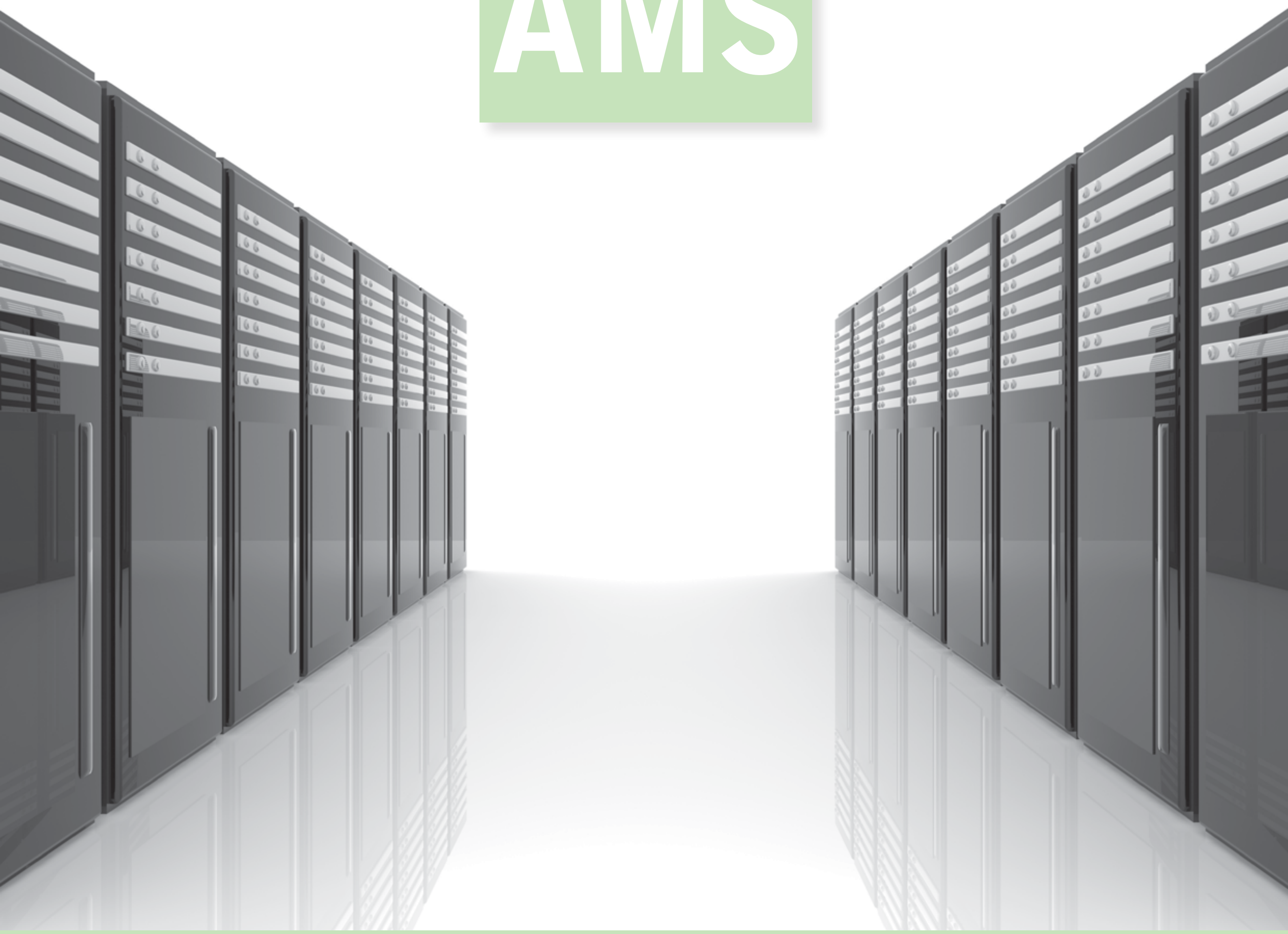
Stay with us on our exciting journey!

Your
Board of Management

Christian Pusch *Kurt Bengel*

6 REPORT OF THE SUPERVISORY BOARD

TO ALLOW OUR CUSTOMERS TO CONCENTRATE ON THEIR CORE COMPETENCIES, WE ASSUME THE MANAGEMENT OF THEIR APPLICATIONS AND INFRASTRUCTURES.



APPLICATION MANAGEMENT SERVICES
DON'T WASTE ANOTHER THOUGHT ON TECHNOLOGY.

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

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

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

MATTERS ADDRESSED AT THE MEETINGS OF THE SUPERVISORY BOARD

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

FINANCIAL REPORTS/AUDITS

In the Annual Report session of March 6, 2009, attended by the auditor of Annual Accounts/auditor of Group Annual Accounts, the Supervisory Board considered the CENIT Annual Report. The Annual Report of CENIT AG Systemhaus and the Group Annual Report for the 2008 business year as well as the accounting and the Management Report and Group Management Report, as prepared by the Management Board, were audited by Ernst & Young AG, Stuttgart, who were selected as annual auditors at the ordinary annual shareholders' meeting on May 30, 2008. In detailed discussions with the Management Board and the auditors, the Supervisory Board conducted a detailed review of both the submitted Annual Report and the Group Annual Report, and in this context also discussed the underlying balance-sheet policy. In addition, the Supervisory Board reviewed the results of the annual audit on the basis of the auditor's reports and individual discussions. The Supervisory Board is satisfied that the audit and the auditors' reports fulfill the requirements of §§ 317, 321 HGB [Commercial Code]. The Annual Reports for 2008, prepared by the Management Board, received unconditional certification by the auditor and were conclusively discussed at this session and during a telephone conference. The 2008 Annual Report of CENIT AG Systemhaus was adopted by the Supervisory Board on March 16, 2009, and the 2008 Group Annual Report was noted with approval. Upon review, the Supervisory Board concurred with the Management Board's proposal regarding the appropriation of accumulated profits.

At the session of March 6, 2009, as during the previous year, we directed special attention to matters of CENIT Group strategy. On the basis of a detailed presentation by the Management Board, we addressed the strategic orientation of CENIT and its various business segments, discussing in particular detail the perspectives of the PLM and EIM market in Germany and internationally.

FURTHER TOPICS CONSIDERED IN SESSIONS AND TELEPHONE CONFERENCES

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

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

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

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

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

RISK MANAGEMENT

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

CORPORATE GOVERNANCE

On an ongoing basis, the Supervisory Board discussed individual aspects of corporate governance within CENIT Group, such as the amendments to the German Corporate Governance Code adopted by the Government Commission. Following detailed consultations, the Supervisory Board decided to implement these amendments. We are of the conviction that good corporate governance is a core aspect of CENIT's success, reputation and self-image. For this reason, the Supervisory Board has kept a constant eye on the continued development of corporate governance standards as well as their implementation within the enterprise. Among other activities, this included regular reviews of the efficiency of the Supervisory Board's own activities. In particular – and also in discussions with the auditor – the review assessed the constant lawfulness of business management and the efficiency of organization within the enterprise. A corporate ethic of responsible and lawful behavior at all times, and the awareness that this ethic is of fundamental importance to the enterprise, are well entrenched at CENIT and within its managing bodies. In their Corporate Governance Report, the Management Board and the Supervisory Board report on corporate governance at CENIT in accordance with No. 3.10 of the German Corporate Governance Code. At its session of August 6, 2009, the Supervisory Board issued its 2009 Declaration of Conformity, in accordance with § 161 AktG [German Stock Corporation Act], with the German Corporate Governance Code, as amended on June 18, 2009, and has made it permanently available to shareholders on the CENIT website.

CHANGES IN COMPOSITION

There were no changes in composition.

ANNUAL REPORT SESSION 2010 ON THE ANNUAL AND GROUP REPORTS FOR 2009

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

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

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

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

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

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

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

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

Stuttgart, March 2010

For the Supervisory Board

Dipl.-Ing. Andreas Schmidt
Chairman, Supervisory Board

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GROUP MANAGEMENT REPORT

WITH OUR CENIT DASSAULT SYSTÈMES PLM CONSULTING, SERVICE AND SOFTWARE PORTFOLIO, WE WILL PERFECT DIGITAL PRODUCT DEVELOPMENT AND PRODUCTION IN THE MANUFACTURING INDUSTRY.

PLM

PRODUCT LIFECYCLE MANAGEMENT
FASTER DEVELOPMENT OF BETTER PRODUCTS.

CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, STUTTGART

GROUP MANAGEMENT REPORT FOR FISCAL YEAR 2009

OVERALL ECONOMIC CONDITIONS

GERMANY

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

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

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

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

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

Despite the recovery, the degree to which the economy is still suffering from the consequences of the global financial crisis can be seen in a comparison with the third quarter of 2008: Here, gross domestic product – the total of all goods manufactured and services rendered in Germany – declined by 4.7%. The five members of the German Council of Economic Experts as well as the federal government are assuming a shrinkage of 5.0% for all of 2009.

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

EUROPE

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

USA

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

CONDITIONS IN THE INDUSTRY

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

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

POSITIONING OF THE CENIT GROUP

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

EQUITY INVESTMENTS/SUBSIDIARIES

CENIT has its registered offices in Germany (Stuttgart) and is represented there in the most important urban centers. Furthermore, the American market is served by a branch in the vicinity of Detroit. CENIT has another main pillar in Switzerland and has also been represented in Romania since 2006. With the founding of a subsidiary in Toulouse, we are underscoring our reputation in the air and space industry. The domestic and foreign subsidiaries included in the consolidated financial statements are consolidated according to the accounting policies uniformly applicable to the CENIT Group. The same accounting policies form the basis of the financial statements of the companies as those applied by the parent company. Subsidiaries are specialized in services, software and sales.

CENIT (SWITZERLAND) AG, FRAUENFELD/SWITZERLAND

CENIT (Switzerland) AG generated revenue of EUR 3.3 million in the 2009 fiscal year (2008: EUR 4.9 million), with EBIT of EUR 0.76 million (2008: EUR 2.4 million). The focus in Switzerland is on PLM solutions from Dassault Systèmes and EIM solutions from IBM. In total, 5 employees support primarily customers in the manufacturing industry and financial services sector. CENIT Switzerland is a 100% subsidiary of CENIT AG.

CENIT NORTH AMERICA INC., AUBURN HILLS/USA

CENIT North America Inc. generated revenue of EUR 6.2 million (2008: EUR 6.1 million) and EBIT of EUR -0.2 million (2008: EUR -0.1 million). In the US, the focus is on the marketing of CENIT software products in the SAP PLM and PLM area. Primarily, customers in the air and space industry and the manufacturing industry are served. 25 employees are divided into service and sales units.

CENIT SRL, IASI/ROMANIA

CENIT SRL generated revenue of EUR 0.5 million (2008: EUR 0.7 million) and EBIT of EUR 0.1 million (2008: EUR 0.2 million). Its 21 employees render services and promote software developments.

CENIT FRANCE SARL, TOULOUSE/FRANCE

CENIT founded a subsidiary in France in the fiscal year 2007. The company is still in the start-up phase and primarily serves our customer EADS Airbus in Toulouse. CENIT France SARL generated revenue of EUR 0.47 million (2008: EUR 0.3 million) and EBIT of EUR 0.06 million (2008: EUR 0.02 million). 4 employees support EADS in project consulting and bidding processes.

RESULTS FOR THE YEAR

RESULT OF THE GROUP'S OPERATIONS

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

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

The CENIT Group generated revenue of EUR 86.5 million in the fiscal year 2009, (2008: EUR 83.4 million). The revenue from third-party software increased significantly by roughly 33%. The background was the value-added reselling business of our partner Dassault Systèmes. Revenue from CENIT's own software increased from EUR 9.25 million to EUR 9.71 million (5%).

Gross profit (operating performance less cost of materials) amounted to EUR 59.4 million (2008: EUR 61.1 million). CENIT thus generated EBITDA of EUR 5.29 million (2008: EUR 6.19 million, a decline of 14%) and EBIT of EUR 3.89 million (2008: EUR 4.78 million, a decline of 18%).

CAD SCHEFFLER GMBH, OELSNITZ

At this point, CENIT would like to note that cad scheffler GmbH, a wholly-owned subsidiary of CENIT AG Systemhaus, was merged as the transferor company according to the rules of the Company Transformation Act (UmwG) with CENIT AG Systemhaus, the absorbing company. The merger was based on a merger agreement under dissolution without liquidation. Cad Scheffler is now included in the balance sheet of CENIT AG in Germany.

COMPOSITION OF CENIT'S REVENUE BY BUSINESS UNITS

More than 90% of the revenue is generated in the German-speaking countries, with the rest distributed among subsidiaries' core regions in Europe and the US. 90% of the revenue was generated within Germany, 3% in EU countries and 7% in other countries.

Fig. A COMPOSITION OF CENIT'S REVENUE BY BUSINESS UNITS IN THE GROUP

EUR Mio	EIM	PLM	Total
2009	25.9	60.6	86.5
2008	25.4	58.0	83.4

PROPOSED DIVIDEND

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

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

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

INCOMING ORDERS

The order intake at the Group amounted to EUR 84.0 million in the fiscal year 2009 (2008: EUR 105 million). The order backlog as of December 31, 2009 amounted to EUR 27.7 million (2008: EUR 30.2 million). Incoming orders in the manufacturing industry and in particular in the automotive industry declined. In the financial services sector, on the other hand, the Group obtained new important customers. A trend however cannot be foreseen.

NET ASSETS AND FINANCIAL POSITION

Equity amounted to EUR 28.1 million as of the balance sheet date (2008: EUR 25.4 million). The equity ratio amounted to 64% (2008: 64%). As of the balance sheet date, bank balances amounted to EUR 18.6 million (2008: EUR 12.3 million). The company has, in addition to its cash and cash equivalents, sufficient overdraft facilities of EUR 2.4 million at its disposal. Both trade receivables of EUR 14.7 million (2008: EUR 18.0 million) and trade payables of EUR 4.3 million (2008: EUR 5.1 million) reflect the course of business and contributed to the increase in cash. Such financial autonomy allows for a level of internal financing corresponding to the course of business which constitutes a competitive advantage for CENIT AG in light of the restricted availability of credit in the near future, and provides our customers with the necessary security for their investment. The operative cash flow reached EUR 9.3 million (2008: EUR 2.5 million).

FINANCING

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

SECURING LIQUIDITY

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

CAPITAL EXPENDITURES

CENIT's capital expenditures on property, plant and equipment usually play a subordinate role. They primarily involve expenditures for equipment, furniture and fixtures for the sales representation offices and the administrative center. The Group's capital expenditure on property, plant and equipment and intangible assets amounted to EUR 1.0 million in 2009 (2008: EUR 1.3 million). The majority of capital expenditures related to replacement investments in technical infrastructure and equipment, furniture and fixtures. Depreciation of property, plant and equipment as well as the amortization of intangible assets was EUR 1.4 million (2008: EUR 1.4 million).

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

Fig. B CAPITAL EXPENDITURES BY SEGMENTS

EUR k	EIM	PLM	Total
2009	362	598	960
2008	297	967	1,264

All capital expenditures were financed by the operative cash flow.

FOREIGN EXCHANGE MANAGEMENT

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

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM BASED ON THE ACCOUNTING PROCESS ACCORDING TO SECTION 315 (2) NR. 5 HGB [GERMAN COMMERCIAL CODE]

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

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

The used financial systems are protected against unauthorized access by means of appropriate safeguards in the data processing area. Wherever possible, standard software is used in the financial area. An adequate guideline system ensures uniform treatment in the Company/Group and is continually updated.

The departments and areas involved in the accounting process are suitably equipped in both a quantitative and qualitative regard. Received or forwarded bookkeeping data are continually reviewed for completeness and correctness, e.g. through spot checks. Programmed plausibility tests occur through software used.

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

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

DISCLOSURES PURSUANT TO THE GERMAN TAKEOVER DIRECTIVE-IMPLEMENTATION ACT (ÜBERNAHMERICHTLINIE-UMSETZUNGSGESETZ)

Sec. 315 (4) Nr. 1 HGB [German Commercial Code]

As per the most recent entry in the commercial register on August 14, 2006, the share capital of the

Company amounts to EUR 8,367,758.00 and has been fully paid in. It is divided into 8,367,758 shares of EUR 1.00 each. The shares are bearer shares and are no-par value common shares only.

Sec. 315 (4) Nr. 6 HGB [German Commercial Code]

The appointment and recall of members of the Management Board is regulated in Sec. 84 AktG [German Stock Corporation Act]. Furthermore, Sec. 7 (1) and (2) of the Articles of Incorporation and Bylaws states that the Supervisory Board appoints members of the Management Board and their total number. According to Sec. 7 (1) of the Articles of Incorporation and Bylaws, the Management Board consists of at least two people.

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

Sec. 315 (4) Nr. 7 HGB [German Commercial Code]

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

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

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

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

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

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

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

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 [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 partial 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 Sec. 2 (1) of the Articles of Incorporation and Bylaws.

- for a partial 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 [German Stock Corporation 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 the end of June 13, 2011, the Supervisory Board is authorized to adjust Sec. 5 of the Articles of Incorporation and Bylaws accordingly after expiry of the period of authorization.

RISK REPORT

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

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

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

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

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

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

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

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

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

RISK MANAGEMENT WITH REGARD TO IT SECURITY

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

RISK MONITORING

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

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

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

RISKS RELATING TO FUTURE DEVELOPMENT

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

Overall, service performance processes are managed very tightly and therefore are less subject to risk.

In general, risks are limited, manageable and do not jeopardize the Company's ability to continue as a going concern. Nor are there any risks discernable which may pose a threat to the Company's continuing existence in the future.

PROCUREMENT STRATEGY AND PURCHASING POLICY

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

Our purchase officers have a lot of experience in sourcing merchandise and services for our customer projects. For our procurement we cooperate with reputable partners who are market leaders or industry leaders in their particular product line. There are practically no exchange rate risks associated with purchases as most purchases are made on the European market. The expenses for merchandise and purchased services amounted to EUR 27.5 million in 2009 (2008: EUR 23.3 million). The value of inventories and the amount of capital tied up in inventories is kept at a low level of EUR 0.9 million as of the balance sheet date (2008: EUR 1.1 million). This allows us to react flexibly to market needs. The risk of obsolescent inventories is insignificant.

QUALITY ASSURANCE

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

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

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

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

EMPLOYEES

Breakdown of employees according to national companies:

Fig. C BREAKDOWN OF EMPLOYEES ACCORDING TO NATIONAL COMPANIES

	Employees as of Dec. 31, 2009	Employees as of Dec. 31, 2008
CENIT DE	640	635
CAD SCHEFFLER	-	21
CENIT USA	25	32
CENIT CH	5	6
CENIT F	4	4
CENIT RO	21	23
CENIT GROUP	695	721

The Group employed a staff of 695 as of December 31, 2009 (2008: 721). The Group's personnel expenses came to EUR 40.6 million in the period under review (2008: EUR 38.8 million, representing a 6% increase). More than 75% of the employees have attended higher education. Employee turnover amounted to 6.5% (10% in 2008). We once again recorded a very low number of sick days. The average period of employment was six years with an average age of 38.5.

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

TRAINING

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

REMUNERATION/PARTICIPATION IN COMPANY PERFORMANCE

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

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

The remuneration of the Supervisory Board is fixed in accordance with the Articles of Incorporation and Bylaws. Each member of the Supervisory Board receives fixed remuneration of EUR 15,000.00, payable after the end of the fiscal year. The chairman of the Supervisory Board receives twice this amount, and the deputy chairman receives one and a half times the above amount.

RESEARCH AND DEVELOPMENT

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

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

PERFORMANCE OF CENIT'S SHARES ON THE FINANCIAL MARKETS

STOCK PERFORMANCE IN 2009

Source: Bloomberg/CENIT Aktiengesellschaft Systemhaus, Stuttgart **Fig. D**

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

Fig. E DISTRIBUTION OF SHARES AMONG SHAREHOLDERS AS OF DECEMBER 31, 2009

The following investors held a share subject to reporting requirements			
Company	Reported on	Number of shares	Percent
Highclere International	11.13.2008	436,268	5.21
DIT Allianz Global Investors	02.11.2009	410,458	4.91
Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte	02.21.2007	330,000	3.94
Ratio Asset Management LLP	11.16.2009	262,128	3.13
Axxion	10.07.2008	255,356	3.05

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

OUTLOOK FOR THE STOCK MARKETS

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

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

SUPPLEMENTARY REPORT ON POST BALANCE-SHEET EVENTS

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

FORECAST FOR 2010

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

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

ANTICIPATED RESULTS OF OPERATIONS

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

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

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

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

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

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

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

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

EMPLOYEES

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

RESEARCH AND DEVELOPMENT

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

ANTICIPATED FINANCIAL AND LIQUIDITY POSITION

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

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

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

Stuttgart, February 2010

CENIT Aktiengesellschaft Systemhaus

The Management Board

Christian Pusch
(Spokesman of the Management Board)

Kurt Bengel

CENIT Aktiengesellschaft Systemhaus, Stuttgart

CONSOLIDATED BALANCE SHEET (in accordance with IFRS)

as of December 31, 2009

in EUR k	Dec. 31, 2009	Dec. 31, 2008
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	1,221	1,505
Property, plant and equipment	2,285	2,449
Investment in an associate	50	51
Income tax receivable	520	583
Other financial assets at fair value through profit or loss	2,000	0
NON-CURRENT ASSETS	6,076	4,588
CURRENT ASSETS		
Inventories	925	1,129
Trade receivables	10,517	15,065
Receivables from associates	4,161	2,977
Current income tax assets	386	1,043
Other receivables	205	156
Other financial assets at fair value through profit or loss	910	960
Cash	18,599	12,265
Prepaid expenses	1,832	1,231
KURZFRISTIGE VERMÖGENSWERTE	37,535	34,826
TOTAL ASSETS	43,611	39,414

in EUR k	Dec. 31, 2009	Dec. 31, 2008
EQUITY AND LIABILITIES		
EQUITY		
Issued capital	8,368	8,368
Capital reserve	1,058	1,058
Currency translation reserve	-309	-292
Legal reserve	418	418
Other revenue reserves	11,040	8,140
Net retained profit of the Group	7,500	7,672
TOTAL EQUITY	28,075	25,364
NON-CURRENT LIABILITIES		
Deferred tax liabilities	488	516
CURRENT LIABILITIES		
Trade payables	4,241	5,069
Liabilities due to associates	38	39
Other liabilities	8,429	7,198
Current income tax liabilities	422	1,058
Other provisions	322	170
Deferred income	1,596	0
	15,048	13,534
TOTAL EQUITY AND LIABILITIES	43,611	39,414

CENIT Aktiengesellschaft Systemhaus, Stuttgart

CONSOLIDATED INCOME STATEMENT (in accordance with IFRS)

for the period from January 1, 2009 to December 31, 2009

	in EUR k		2009	2008
1.	Revenue		86,488	83,357
2.	Increase or decrease in work in process		-600	208
	Total operating performance		85,888	83,565
3.	Other operating income		1,005	786
	Operating performance		86,893	84,351
4.	Cost of materials	27,492		23,250
5.	Personnel expenses	40,634		38,766
6.	Amortization of intangible assets and depreciation of property, plant and equipment	1,407		1,409
7.	Other operating expenses	13,472		16,146
			83,005	79,571
	Net operating income		3,888	4,780
8.	Other interest and similar income	267		387
9.	Interest and similar expenses	19		120
10.	Result from financial instruments at fair value through profit or loss	-50		212
11.	Share of profit of an associate	-1		-1
			197	478
	Result from ordinary activities		4,085	5,258
12.	Income taxes		1,357	1,924
13.	Net income of the Group for the year		2,728	3,334
14.	Thereof attributable to the shareholders of CENIT AG		2,728	3,334
15.	Thereof attributable to minority interests		0	0
	Earnings per share in EUR			
	basic		0.33	0.40
	diluted		0.33	0.40

CENIT Aktiengesellschaft Systemhaus, Stuttgart

CONSOLIDATED STATEMENT OF CASH FLOWS (in accordance with IFRS)

for the period from **January 1, 2009** to **December 31, 2009**

in EUR k	2009	2008
Cash flow from operating activities		
Earnings before tax	4,085	5,258
Adjusted for:		
Amortization of intangible assets and depreciation of property, plant and equipment	1,407	1,409
Losses on disposals of non-current assets	6	7
Share of profit of associates	1	1
Other non-cash income and expenses	40	746
Impairment losses of other financial assets	50	40
Interest income	-267	-387
Interest expenses	19	120
Income before adjustments to current assets	5,341	7,194
Increase/decrease in trade receivables and other current non-monetary assets	3,372	-4,537
Increase/decrease in inventories	204	-522
Increase/decrease in current liabilities and provisions	1,896	2,222
Interest paid	-19	-6
Interest received	267	275
Income taxes paid	-1,767	-2,145
Change in net cash flow from operating activities	9,294	2,481
Cash flow from investing activities		
Acquisition of property, plant and equipment, and intangible assets	-960	-1,264
Acquisition of shares in fully consolidated entities	0	-2,099
Gain on disposal of property, plant and equipment	0	16
Change in other financial assets, that are not allocable to cash and cash equivalents	-2,000	8,320
Net cash paid for investing activities	-2,960	4,973
Cash flow from financing activities		
Dividends paid to shareholders	0	-4,184
Net cash paid for financing activities	0	-4,184
Net increase/decrease in cash and cash equivalents	6,334	3,270
Cash and cash equivalents at the beginning of the reporting period	12,265	8,995
Cash and cash equivalents at the end of the reporting period	18,599	12,265

CENIT Aktiengesellschaft Systemhaus, Stuttgart

STATEMENT OF COMPREHENSIVE INCOME (in accordance with IFRS)

as of December 31, 2009

in EUR k		Dec. 31, 2009	Dec. 31, 2008
1.	Net income of the Group for the year	2,728	3,334
2.	Other comprehensive income		
	Currency translation differences	-17	80
	Other comprehensive income	-17	80
3.	Total comprehensive income	2,711	3,414
4.	Thereof attributable to the shareholders of CENIT AG	2,711	3,414
5.	Thereof attributable to minority interests	0	0

CENIT Aktiengesellschaft Systemhaus, Stuttgart

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (in accordance with IFRS)

as of Dezember 31, 2009

	EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY								
in EUR k	Issued capital	Capital reserve	Currency translation reserve	Legal reserve	Other revenue reserves	Net retained profit of the Group	Total	Minority interests	Total
As of December 31, 2007	8,368	1,058	-372	418	6,483	10,222	26,177	0	26,177
Total comprehensive income			80			3,334	3,414		3,414
Reversal of minority interests					124		124	64	188
Acquisition of residual share					-167		-167	-64	-231
Dividend distribution						-4,184	-4,184		-4,184
Allocations to other revenue reserves					1,700	-1,700			0
As of December 31, 2008	8,368	1,058	-292	418	8,140	7,672	25,364	0	25,364
Total comprehensive income			-17			2,728	2,711		2,711
Allocations to other revenue reserves					2,900	-2,900			0
As of December 31, 2009	8,368	1,058	-309	418	11,040	7,500	28,075	0	28,075

CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, STUTTGART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2009

A. Commercial register and objective of the company

The Group's parent company, CENIT AG Systemhaus, has its headquarters at Industriestrasse 52-54, 70565 Stuttgart, Germany, and is registered with the Commercial Registry of Stuttgart in the Commercial Register, Section B, under 19117. The shares of CENIT AG are publicly traded.

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 AG Systemhaus, Stuttgart, have been prepared and published in accordance with international financial reporting standards (IFRS) as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a (1) HGB ["Handelsgesetzbuch": German commercial code]. The consolidated financial statements are passed by the Management Board for approval to the Supervisory Board. With approval the financial statements are released for publication.

The consolidated financial statements are presented in euros. For the sake of clarity, the presentation is, unless otherwise indicated, in thousands of euros (EUR k). The reporting date is December 31st of a 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 in detail by their term to maturity. The income statement has been presented using the nature of expense method.

The consolidated financial statements have been prepared on a historical cost basis except for 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 measured at fair value.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Changes in accounting policies and disclosures

Compared to the consolidated financial statements as of December 31, 2008, the following standards and interpretations have changed, and have been applied due to adoption by the EU or have been applied mandatory for the first time in the fiscal year 2009.

IFRS 8 "Operating Segments"

IFRS 8 was published on November 30, 2006, became EU law on November 21, 2007 and is to be effective for annual periods beginning on or after January 1, 2009. IFRS 8 replaces IAS 14, "Segment Reporting" and is nearly identical to SFAS 131. The previous primary and secondary reporting format, which differs according to business segments and geographical segments, is abandoned and converted to a single reporting format, which depicts segments based on information according to which management controls the company. In addition, a reconciliation is made for each reportable segment in terms of segment-specific total profit/loss, and accordingly all related assets and liabilities are required being reconciled to the amounts of the financial statements of the company. In addition, information on significant geographic areas, products and customers are to be made. Moreover, vertically-integrated delivery processes where a component of a company which primarily or exclusively supplies to other operating segments of the company are incorporated in the definition of an operating segment if the entity is managed in that way.

The provisions of IFRS 8 are relevant to the CENIT Group and are applied according to the standard.

Amendments to IAS 39 and IFRS 7: "Reclassification of Financial Instruments"

In October, 2008, amendments to IAS 39, "Financial Instruments: Recognition and Measurement" and IFRS 7, Financial Instruments: Disclosures" were summarized in the publication of "Reclassification of Financial Assets" and taken over on October 15, 2008 into European law. The amendments to IAS 39 and IFRS 7 take effect retroactively from July 1, 2008. The amendments to IAS 39 do not allow for reclassification of derivative financial assets (excluding those for which the fair value option has been choosen) from the category "at fair value through profit or loss" as well as under such conditions reclassification to asset values of the category "available for sale" into the category of "loans and receivables." This particularly relates to financial instruments that are missing the intent to trade or the absence of designation as "available for sale" which were originally defined as "loans and receivables." The changes to IFRS 7 provide for enhanced disclosure requirements for companies that have made the reclassification of financial assets in accordance with IAS 39 amendments.

Amendments to IAS 23 "Borrowing Costs"

The revised IAS 23 were published on March 29, 2007, became EU law on December 10, 2008 and are to be effective for annual periods beginning on or after January 1, 2009. The amendments eliminate the accounting option to recognize borrowing costs as a part of the purchase or production of qualifying assets immediately as an expense. In the future, such directly attributable borrowing costs will be included in the acquisition or production of qualifying assets. The amendments to IAS 23 are not relevant to the CENIT Group since the company is not leveraged.

Amendments to IFRS 2 "Share-based Payment: Vesting Conditions and Cancellations"

The amendments to IFRS 2 were published on January 17, 2008, became EU law on December 16, 2008 and are to be effective for annual periods beginning on or after January 1, 2009. The objective of this amendment was to further define the concepts of exercise conditions and cancellations. Accordingly, vesting conditions comprise only success- and performance-related conditions. Other aspects of a share-based compensation scheme shall not constitute a vesting condition and are included in the fair value of share-based compensation granted to date. All cancellations, whether made by the company or other parties, receive the same accounting treatment. The amendments to IFRS 2 are not currently relevant for the CENIT Group.

IFRIC 13 "Customer Loyalty Programs"

IFRIC 13 was published on July 5, 2007, taken into EU law on December 16, 2008 and is to be used for fiscal years which begin on or after July 1, 2008. IAS 18.13 provides in principle the separate application of recognition criteria for capturing sales revenue for each individual transaction. In order to reflect the substance of individual transactions correctly, it is necessary in certain cases to apply recognition criteria to separately-identifiable components of a business transaction. Such transactions are then referred to as multi-component and the corresponding revenues collected at different times. IFRIC 13 now makes it clear that loyalty programs which will be awarded redeemable award credits later, such as loyalty points or bonus miles are to be booked as multiple-component contracts. The provisions of IFRIC 13 are not relevant to the CENIT Group.

Amendments to IAS 1 "Presentation of Financial Statements: A Revised Presentation"

The amendments to IAS 1 were published on September 6, 2007, became EU law on December 17, 2008 and are to be effective for annual periods beginning on or after January 1, 2009. The changes relate mainly to revised working indications for income statement, balance sheet and cash flow statements, the introduction of a reconciliation for certain changes in equity ("Statement of Comprehensive Income") and the obligation to reveal an opening balance sheet for the first of a retroactive change in accounting method for the period affected. The amendments to IFRS 1 are not currently relevant for the CENIT Group.

Amendments to IAS 32 and IAS 1 "Puttable Financial Instruments and Obligations Arising on Liquidation

The amendments to IAS 32 and IAS 1 were published on February 14, 2008, became EU law on January 21, 2008 and are to be effective for annual periods beginning on or after January 1, 2009. As a result of these changes, some financial instruments that fulfilled the definition of a financial obligation will be classified in the future as equity, because it subordinated the claim to represent the net assets of the company. This is, however, a detailed requirement to fulfill. The amendments to IAS 32 and IAS 1 are not currently relevant for the CENIT Group.

Amendments to IFRS 1 and IAS 27 "Cost of an Investment in a subsidiary, jointly-controlled entity or associate"

The amendments to IFRS 1 and IAS 27 were published on May 22, 2008, became EU law on January 23, 2009 and are to be effective for annual periods beginning on or after January 1, 2009. The reason for the amendment was that in retroactive determinations of acquisiton cost and the application of the historical cost method as per IAS 27, the first-time adoption of IFRS in some cases can lead to disproportional costs. Therefore those first-time IFRS adopter in the future will measure costs of an investment in an affiliate, jointly-controlled entities in the sense of group companies and associates at deemed aquisition costs. In addition, the definition of the historical cost method from IAS 27 is removed and replaced with the requirement to present dividends as income in the investor's separate financial statements, making a distinction between dividends before or after investment. Similarly, an exemption rule for group restructuring was inserted, after which a new parent company must use the carrying amount of the existing company as aquisition cost to determine the value recognized, as long as no changes have been made in the ownership, the equity and the assets and liabilities as well.

The amendments to IFRS 1 and IAS 27 are not currently relevant for the CENIT Group.

Improvements to IFRS through the Annual Improvements Project

On May 22, 2008, the IASB published amendments to a number of existing IFRS's in its first Annual Improvements Project. This was taken into EU law on January 32, 2009. The changes include adjustments of both formulations in each IFRS to clarify existing regulations (terminology or editorial corrections) as well as changes in different IFRS's with effect on the recognition, the valuation and the disclosure of business transactions. Most of the changes shall enter into force for fiscal years starting on or after the first of January, 2009, provided that each standard is not individually regulated. A prospective application is permitted. Possible impacts from such implementation have been examined by the CENIT Group. This results in no significant impact.

IFRIC 12 "Service Concession Arrangements"

IFRIC 12 was published on November 30, 2006, and brought into EU law on March 25, 2009. The mandatory date of the initial application was amended by the EU's endorsement of reporting period beginning on or after January 1, 2008 to fiscal periods which begin after March 29, 2009. Earlier application is permitted. The object of the interpretation is the accounting for service arrangements for companies which offer services on behalf of local public services, such as the construction of roads, airports and energy infrastructure. While the disposal of the assets remains in the public sector, the company is contractually obligated to the construction, operation and maintenance. IFRIC 12 deals with the question how such contractual arrangements' rights and obligations are to be accounted for. The provisions of IFRIC 12 are not relevant to the CENIT Group.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"

IFRIC 16 was published on July 3, 2008, taken into EU law on June 4, 2009 and is to be used for fiscal years which begin on or after July 1, 2008. The interpretation relates to IAS 21, "The effects of changes in foreign exchange rates" and IAS 39 "Financial Instruments: Recognition and Measurement" and deals with the topic of securing net investment in a foreign business operation. The emphasis here is on three questions. First, it is argued that a foreign currency differential risk may be secured only if designated as the functional currency of the foreign business operation differs from the functional currency of the parent company. By presenting the currency in the consolidated financial statements of the parent company, however, there is no risk position. Furthermore, one may consider a hedging instrument to hedge a net investment in a foreign operation of any company within the Group. If the investment is sold by the company, the reclassification of amounts is made from equity to the profit and loss statement, which is true for the hedging instrument under IAS 39, with respect to the underlying transaction, IAS 21 is used. The provisions of IFRIC 16 are not relevant to the CENIT Group.

Revised IFRS 3 "Business Combinations" and Amendments to IAS 27 "Consolidated and Separate Financial Statements"

The revision of IFRS 3, together with a change made to IAS 27 in the second phase of the Business Combination project. The revisions to IFRS 3 and changes to IAS 27 were published on January 10, 2008, became EU law on June 3, 2009 and are to be effective for annual periods beginning on or after June 1, 2009. Afterwards the scope of corporate mergers is widened to company mergers of mutual entities without compensation. Combinations involving entities under common control are excluded. In the future the costs for the issuance of debt or equity with a company's investment are captured in accordance with IAS 39 and/or IAS 32. All other investment-related expenses are expensed as incurred.

Furthermore, the right to elect the "full goodwill method" was introduced, whereby a company can account for 100% of the business or company value in the invested company and not only the portion of the acquirer's balance sheet, with accordingly higher non-controlling shares in the non-controlled shares in the invested, newly-valued net assets. With successive investment, goodwill determination and new valuation of the net asset values only takes place at the time of control. All subsequent transactions between the parent and the non-controlling interest are treated as pure equity transactions. The provisions of IFRS 3 and IAS 27 are not relevant to the CENIT Group at this time.

IFRIC 15 "Agreements for the Construction of Real Estate"

IFRIC 15 was published on July 3, 2008, taken into EU law on June 22, 2009 and is to be used for fiscal years which begin on or after January 1, 2009. IFRIC 15 will harmonize accounting practices in all jurisdictions with regard to the compilation of proceeds from the sale of units (e.g. apartments or individual homes) by a construction company before the construction is completed. Here, guidelines are made available which provide a clear classification of the respective agreements for the construction of real estate for the application area of IAS 11 "Construction Contracts" or under IAS 18 "Revenue." Depending upon the classification, in this way the margins from the construction are captured at different times. The provisions of IFRIC 15 are not relevant to the CENIT Group.

Amendment to IAS 39 "Reclassification of Financial Assets: Effective Date and Transition"

The IASB published on November 27, 2008 a revised version of the "Amendments to IAS 39 and IFRS 7: Reclassification of Financial Instruments," which had been published on October 13, 2008. The changes were taken over into EU law on September 9, 2009. The changes which were given on October 13, 2008 had to do with the reclassification of some financial instruments. The background of the further review is the clarification of the application point in time of the changes published on October 13, 2008. Accordingly, the reclassifications which were undertaken on or after November 1, 2008 entered into force from the time of the reclassification and may not be withdrawn. If the reclassification rules before November 1, 2008 were applied to them, they can be withdrawn up to July 1, 2008 or a later date. In any case the reclassification could not be applied before July 1, 2008. The amendments to IAS 39 1 are not relevant for the CENIT Group.

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

The amendments to IAS 39 were published on July 31, 2008 and are applied for the first time for fiscal years which begin on or after July 1, 2009. The adoption of EU legislation took place on September 15, 2009. The basic idea of the changes was to provide additional guidance for the designation of available hedging instruments, because especially in the treatment of unilateral as well as consideration of inflation within a hedging trade has inconsistencies in practice. The amendments to IAS 39 are not relevant for the CENIT Group.

Revised IFRS 1 "First Time Adoption of IFRS"

The IASB published the reworked version of IFRS 1 – First Time Adoption of IFRS, on November 27, 2008. This was taken into EU la0w on November 25, 2009. The reworked IFRS 1 replaced the existing IFRS 1 and is applicable to businesses which first adopt IFRS statements on or after July 1, 2009. The changes concern only the formal structure of IFRS 1; the content, however, remains unchanged. The general and specific rules for the standards are separated from one another, since numerous changes of other or new standards to IFRS 1 (rev. 2003) and became increasingly more complex and difficult to understand. So now the main part of the general rules such as scope, general recognition and measurement provisions are summarized, and the specific arrangements for the exemption from certain regulations in the various IFRS's are attached to the different appendices at the end of IFRS 1. The goal is to improve the clarity and applicability of the standards through a new structure. Earlier application is allowed.

IFRIC 17 "Distributions of Non-Cash Assets to Owners"

IFRS 17 was published on November 27, 2008, became EU law on November 26, 2009 and is to be effective for annual periods beginning on or after January 1, 2009. Earlier application is allowed. IFRIC 17 concerns issues such as a company being required to assess assets other than cash which it transfers as a dividend to shareholders. According to this, the obligation for dividends is given if the dividends are approved by the responsible bodies and no longer at the discretion of the company. This dividend obligation is at the fair value of net assets to be transferred, with the difference between the dividend obligation and the book value of the transferred assets must be stated in the income statement. In addition, enhanced disclosures are required if such distribution provides for the assets be defined as those of a discontinued business area (IFRS 5). The provisions of IFRIC 17 are not relevant to the CENIT Group.

IFRIC 18 "Transfers of Assets from Customers"

IFRS 18 was published on January 29, 2009, became EU law on November 27, 2009 and is to be effective for annual periods beginning on or after July 1, 2009. Earlier application in specific conditions is allowed. IFRIC 18 contains additional information on how to transfer an asset by a customer. In this case, the opinion of the Board in the energy sector is particularly affected. The interpretation clarifies how to proceed under IFRS with arrangements in which an entity is transferred from customer assets (property, plant and equipment) which are in such a use which either ties these customers to a pipeline or ties them to permanent supply with goods or services. Also mentioned are cases where there are monies which serve to take the acquisition or production of said assets by the companies. In summary, this explains when and under what circumstances there is an asset which requires initial recognition and valuation, the identification of the respective specifiable services are exchanged for the transferred asset, the question of the time of sales recognition and how the transfer should be accounted for in money from the customer. The provisions of IFRIC 18 are not relevant to the CENIT Group.

Amendment to IFRS 7 "Improving Disclosures about Financial Instruments"

On March 5, 2009, changes were published with information about determination of treatment for fair value and liquidity risks. This was taken into EU law on November 27, 2009. When determining the fair values, the specifying obligations were extended to allow a tabular breakdown which is carried out for each class of financial instruments. This is directed at the three-level fair value hierarchy in accordance with US-GAAP SFAS 157. Information in regards to liquidity risks have been amended to state that a classification of the information related to maturities for financial liabilities for derivative and non-derivative liabilities is required. In addition, the qualitative information on liquidity risk management has been revised. The regulations take effect retrospectively for fiscal years which begin on or after January 1, 2009. Earlier application is allowed. In the first year of use, however, no comparative data is required.

Amendments to IFRIC 9 and IAS 39 "Embedded Derivatives"

The amendments to IAS 39 and IFRIC 9 were published by the IASB on March 12, 2009, with the intention to clarify the accounting for embedded derivatives in reclassification of financial instruments. This was taken into EU law on November 30, 2009. According to the amendment it is necessary to determine whether one should separate into a host contract and an embedded derivative should be respectively recorded separately in the financial statements, if the entire hybrid financial instrument is reclassified due to the application of the changes to IAS 39 from October 2008 are reclassified out of the category "at fair value through profit or loss." Crucial to this is to test the relationship at the time when the company first becomes a party to the financial instrument or, if subsequently, at the time when the contract conditions have been changed with significant impact on cash flows. If the examination demonstrates a need for a separation of the derivative, but the fair value cannot be reliably determined, the entire hybrid instrument remains in the category "at fair value through profit or loss." These also apply if the company cannot perform the test. The changes are applied retroactively to annual periods beginning on or after June 30, 2009. The amendments are not relevant for the CENIT Group.

Amendment to IAS 32 "Classification of Rights Issues"

On October 8, 2009, the IASB published an amendment to IAS 32; on December 23, 2009, these were incorporated into EU law. These relate to the accounting by issuers of subscription rights, options and warrants in foreign currency on the investment in a fixed number of equity instruments. While these were classified under previous accounting rules, such cases as derivative liabilities are those options that are issued at a proportional fixed currency amount to the existing shareholders of a company, which are now classified as equity. The currency of the exercise price has no meaning here. The amendment applies to financial years beginning on or after February 1, 2010. Earlier application is allowed. The amendments to IAS 39 are not relevant for the CENIT Group.

Outlook for IFRS changes in 2010

The following IFRS's were published by the date of the consolidated financial statements of the fiscal year by IASB and/or IFRIC, but are only obligatory at a later reporting period and/or have not yet been taken into EU law. The CENIT Group has decided in effect to apply mandatory standards in future reporting periods and if there is an option for earlier application not to apply them.

Improvements to IFRS through the Annual Improvements Project for 2007-2009

On April 16, 2009, the IASB published the 2007-2009 Annual Improvements, providing for the change of ten IFRS and two interpretations (IFRIC). The majority of changes concern the reporting years beginning on or after January 1, 2010. Earlier application is permitted. In order to avoid the burden of adjustment of including the 2007-2009 Annual Improvements as well as the proposed amendment summary in the Exposure Draft "Proposed Amendments to IFRS" (August 2008), and also changes which were already treated in the Exposure Draft "Proposed Amendments to IFRS" from October, 2007, as well as partially in Exposure Draft "ED 2009/01" (January 2009). Excluded and/or postponed were the amendments of two issues to IAS 39, which were contained in the August, 2008 draft. Possible effects by corresponding implementation were considered by the CENIT Group, but have not yet been taken into EU law as of the balance sheet date of the fiscal year.

Amendments to IFRS 2 "Group Cash-settled Share-based Payment Transactions"

The changes published on June 18, 2009 which clarify the accounting for providing share-based subsidies with cash settlements for the Group, are effective for periods which begin on or after January 1, 2010. Retrospective application is required, with earlier application permitted. The starting point of the change was to clarify how a single subsidiary is accounted for in a group of certain share-based payment arrangements and, in this context, the subsidiary receives goods or services from employees or suppliers; however, the parent company or another group company must pay this employee or supplier. It was clarified that an entity which receives the goods or services under a share-based payment arrangement should account for them, regardless of which group unit is responsible for fulfilling the associated obligations or whether this is fulfilled in shares or cash. This is particularly emphasized in that the term "Group" in IFRS 2 is presented as synonymous with the term in IAS 27 "Group and Individual Agreements" (parent companies and their affiliated companies). By taking guidance from IFRIC 8 and IFRIC 11 in the scope of IFRS 2, both interpretations were withdrawn. The effect on the CENIT Group is being examined, but takeover into EU law is still pending.

Amendments to IFRS 1 "Additional Exemptions for First-time Adopters"

The changes to IFRS 1 were published on July 23, 2009 and apply retroactively in application to specific situations. It should be ensured that no unnecessary costs or efforts are created for companies accounting according to IFRS:

• Companies that apply a full cost method are excepted from the retroactive application of IFRS which apply to oil and gas assets

•` Companies with existing leases are exempt from the assessment of classification of these contracts under IFRIC 4. Determining whether an arrangement contains a leasing relationship includes an exception if the application of national accounting regulations would have led to the same result.

The original draft of these amendments also included recommendations relating to price-regulated transactions. These were reported in the draft for price-regulated transactions. An EU endorsement is still pending.

Revised IAS 24 "Related Party Disclosures"

The IASB published the changed IAS 24 on November 4, 2009. The changes ease the data burden for companies under government control or significant government influence. Previously disclosed information on all goods transactions with undertakings which are controlled or significantly influenced by the same government will now only require information relevant to financial statements which is significant. An exception to this is the case of transactions in which the derivation of information can only be made available at high expense or would be of little informational value for the addressee. Furthermore, the definition of a related company or an associated person is made clearer. The changes are effective for reporting periods beginning on or after January 1, 2011. Earlier application is permitted. There is no EU endorsement at this time.

IFRS 9 "Financial Instruments" (Issued November 12, 2009)

The standard which was published on November 12, 2009 replaces the first part of the project in IAS Standard 39. IFRS 9 regulates the classification and valuation of financial assets. Regulation to evaluated financial liabilities is taken out of parentheses. The previous categories of "loans and receivables, "held to maturity," "available for sale" and "at fair value through profit or loss" should be replaced by the new categories "fair value" and "at amortized cost." A classification of the financial instrument in to the category "at amortized cost" is aimed here both at the business model of the enterprise as well as the product characteristics of each financial instrument. Not fulfilling the criteria leads to recognition as income at fair value. As an exception, chosen equity instruments can be taken directly measured at fair value. Any changes to fair value are to be frozen, however, in the overall result and will no longer be in the profit column. The changes are to be used for financial years beginning on or after January 1, 2013. Earlier application in 2009 is permitted, however it needs the recognition in EU law for European application (endorsement). This is postponed until further notice.

Amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement"

The changes to IFRIC 14 were published on November 26, 2009 and concern the case if the company is subjected to minimum funding requirements and provides for the contribution payments for the fulfillment of these commitments. The amendment will allow setting this benefit of advance payment as an asset. The changes are effective for reporting periods beginning on or after January 1, 2011. Earlier application is permitted. There is no EU endorsement at this time.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (Issued November 26, 2009)

IFRIC 19 was published on November 26, 2009 and explains the application of IFRS in the event that a company wipes financial liabilities partially or completely through the issuance of shares or other equity instruments (so-called "debt for equity swaps"). It is made clear that (a) the equity instruments issued for the repayment of financial liability to a creditor are part of the paid amounts in accordance with IAS 39.41, (b) the appropriate equity instruments, measured at fair value, are accounted for (an exception to the fair value of the amortized obligation would be if it could not be reliably determined), and (c) a difference between the book value of the financial liability on initial recognition of the outstanding equity instruments is recognized as profit. The interpretation is effective for reporting periods beginning on or after July 1, 2010; earlier application is permitted. There is no EU endorsement at this time.

The CENIT Group expects that the application of the standards for future periods which have been issued by the closing date but have not yet entered into force would have no significant effect on the assets, finances and earnings position of the Group.

Changes in the Presentation of the Annual Report

For the preparation of the consolidated financial statements the accounting policies, with the exception of the following change, remain unchanged from the previous year. In the fiscal year 2009, payments received for all future licence fees have been recognised in the amount of EUR 1,596 k (previous year EUR 1,380 k) in prepaid expenses under current liabilities. The record was made in previous years in other liabilities. The recognition is made similar to paid licence fees which are disclosed as prepaid expenses under the current assets. The changed recognition has no impact on the financial position and performance.

C. Basis of consolidation

1. Consolidation principles and scope of consolidated financial statements

The consolidated financial statements incorporate the financial statement of the parent company and those entities controlled by it (its subsidiaries).

Subsidiaries are included in the consolidated financial statements from the effective date of acquisition, i.e. from the date on which the Group achieved control. The consolidation ends when the control by the parent company no longer exists.

The investments of the Group in the associates were accounted for using the equity method. An associate is a company for which the Group has a significant influence and which is neither a subsidiary nor an interest in a joint venture.

All intra-group sales, expenses and income and all receivables and liabilities between consolidated companies are eliminated in full.

The consolidated financial statements of CENIT AG include the following entities in accordance with IAS 27 and/or IAS 28:

Fig. 1 ENTITIES

No.	Entities	Currency	%	of	issued capital LC k	Date of purchase accounting
1	CENIT AG Systemhaus, Stuttgart/Germany	EUR	-	-	8,368	Parent company
2	CENIT (Switzerland) AG, Frauenfeld/Switzerland	CHF	100	1	500	October 26, 1999
3	CENIT NORTH AMERICA INC., Auburn Hills/USA	USD	100	1	25	November 29, 2001
4	CENIT SRL, Iasi/Rumania	ROL	100	1	344	May 22, 2006
5	CENIT FRANCE SARL, Toulouse/France	EUR	100	1	10	April 26, 2007
6	CenProCS AIRliance GmbH, Stuttgart/Germany	EUR	33	1	150	November 16, 2007
7	cad scheffler GmbH, Oelsnitz/Germany*	EUR	100	1	26	January 01, 2008

*) Merger of cad scheffler with effect on May 1, 2009 to CENIT AG Systemhaus, Stuttgart/Germany

2. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus any costs directly attributable to the acquisition.

The goodwill that arises in the acquisition of a subsidiary or a company under joint management is initially measured at acquisition cost being the excess of the consideration transferred over the Group's net identifiable assets acquired, liabilities and contingent liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. There is no goodwill reconised in the annual report.

On disposal of a subsidiary or a company under common control, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. Investment in an associate

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

The CENIT Group accounts for its investment in CenProCS using the equity method. According to the equity method, the investment in CenProCS is carried on 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 profit of CenProCS. Reported changes in the amount of its shares are directly recorded in equity by the Group 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.

For the investment which CENIT Group holds in CenProCS (associate), the parent determined after application of the equity method, whether or not it is necessary to recognise an additional impairment loss for this investment. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the difference between the fair value of the investment of CenProCS and its acquisition cost is recognized as a loss at that time in the income statement.

4. Foreign currency translation

The presentation currency is the functional currency of the parent company. 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 differences are offset directly against equity. For disposal of subsidiaries, differences recognized in equity relating to these entities are released to profit or loss.

Transactions in foreign currencies 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 on the date of the transaction, while non-monetary items that were measured at their fair value are translated at the rate applicable at the time the fair value was determined. The differences arising from currency translation at closing rates are recognized in profit or loss.

For foreign currency translation the following rates were used:

Fig. 2 FOREIGN CURRENCY TRANSLATION IN EUR

	Closing rate		Average annual rate	
	12/31/2009	12/31/2008	12/31/2009	12/31/2008
CHF	1.4836	1.4850	1.5100	1.5874
USD	1.4406	1.3917	1.3948	1.4708
ROL	4.2363	4.0225	4.2399	3.6826

D. Accounting policies

Purchased intangible assets are stated at amortized cost, including incidental acquisition costs. They are reduced by amortization under the straight-line method over the expected economic useful lives, which as a rule is three years.

In the case of intangible assets acquired in connection with a business combination, the aquisition costs of the intangible assets are equal to their fair value. They are reduced by amortization over the expected useful life, using the straight-line method. The useful life of the identified customer base is seven years and for the identified order backlog one year, and for other intangible assets generally three years.

As of both balance sheet dates, the balance sheet did not include any intangible assets with an indefinite useful live.

Internally generated intangible assets are not capitalized due to non-fulfillment of the cumulative criteria in IAS 38.57. The non-capitalized development costs in the amount of EUR 4,759 k (previous year: EUR 3,648 k) have been recorded in other operating expenses.

Property, plant and equipment are recognized at cost less any accumulated depreciation on a straight line basis and/or accumulated impairment losses. Maintenance and upkeep costs are recorded directly as expenses. Items of property, plant and equipment are depreciated according to their estimated useful life. The useful life of other equipment is three to five years, and for furniture and fixtures five to ten years. Buildings on the companies premises are depreciated over a period of 33 years, land improvements over 8-15 years. The buildings on third-party land (leasehold improvements) are depreciated over the terms of the lease agreements. The lease agreements expire in 2011. No significant 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 reviewed annually and adjusted if appropriate. The necessary changes are generally considered prospectively as changes in estimates.

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 are calculated as the difference between net realizable value and the asset's carrying amount and are recorded in other operating income or other operating expenses in the profit and loss statement.

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 realizable value and its value in use. The net realizable value is the amount recoverable by sale of the asset in an arm's length transaction between knowledgeable, willing parties, less costs to sell. The recoverable amount is determined based on market prices, valuation multiples 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 using a pre-tax discount rate which reflects current market expectations of the time value of money and the risks specific to the asset. The recoverable amount is estimated for each asset or, it 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 loss recognized for the asset no longer exist or have decreased. The reversal is posted as a gain in 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.

Leases

The determination of whether an arrangement is or contains a lease is made based on the substance of the arrangement and requires an assessment of whether the fulfillment of the contractual agreement for the use of a particular asset or assets is subject to, and whether the arrangement conveys a right of use of the assets.

A reassessment of whether an arrangement contains a lease after the inception of the lease is made only if one of the following conditions is met:

a) there is a change in contractual terms, other than a renewal or extension of the agreement,

b) a renewal option is exercised or an extension is granted, unless the renewal or extension was initially included in the lease term,

c) there is a change in the determination of whether the fulfillment is dependant on a special asset, or

d) there is a significant change to the assets.

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 which 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, accounts payable and other loans and receivables, investments held to maturity, investments held of trading and derivative and non-derivative financial assets. Financial liabilities generally gives rise to the right to receive settlement net in cash or another financial asset. Financial instruments are recognizes as soon as CENIT Group becomes party to the contractual provisions of the financial instrument.

Investments and other financial assets

Financial assets as defined by IAS 39 are classified as 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 investments which are not measured at fair value through profit or loss, any directly attributable transaction cost. The Group determines the classification of its financial assets upon initial recognition, and, where allowed and appropriate, reassess this designation at each financial year-end.

The classification depends upon the type and purpose of the financial asset and is carried out on initial recognition.

The designation of financial assets into measurement categories follows their initial recognition. Where permissible, any reclassifications deemed necessary are performed at the end of the fiscal year.

In regular way purchases and sales of financial assets, the accounting is performed as of the transaction day, i.e. the date on which the company entered into the obligation to purchase the asset ("trade date accounting"). Regular way purchase or sales are purchase or sales of financial assets that require the delivery of assets 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 that are classified on 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 financial assets that are held for trading are recognized in profit or loss. The recorded net profit or loss includes any dividends or interest of the financial asset.

Held to maturity investments

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

Investments intended to be held for a indefinite period are not included in this category. Other non-current investments that are intended to be held to their 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 the 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 net profit or loss for the period when the investments are derecognized or impaired, as well as through the amortization process.

Loans and receivables

Loans are receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortized cost using the effective interest rate 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 contractual rights to receive cash flows from the asset have expired or a financial asset is transferred, and substantially all the risk and rewards of ownership have been transfered to a third party. If the Group does not transfer substantially all the risks and rewards of ownership but still retains it and continues to have power over the transferred asset, the Group records its share of the remaining assets and corresponding liabilities in the amount to be paid. In the event that the Group substantially retains all the risks and rewards of ownership of transferred financial assets and retains use, the Group continues to collect the financial asset and collateralized loan for the resulting return.

Financial liabilities are derecognized when the contractual obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is an impairment of a financial asset or a group of financial assets. 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 carrying amount of the asset and the present value of the estimated future cash flows (with the exception of future credit default), 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 use of 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 or collectively 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, in includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets which 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.

Trade receivables, which generally have a duration of 30-90 days, are recognized at the original invoice amount less an allowance for any uncollectable amounts. An adjustment is made when there is objective evidence that the Group will not be able to collect the receivables. Receivables are derecognized as soon as they become uncollectible. Credit risks are taken into account through adequate specific bad debt allowances.

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.

Derivative financial instruments are generally 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. Derivative financial instruments are recognized as assets if their fair value is positive and as liabilities if their fair value is negative.

If 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. Cost of conversion are determined on the basis of full production-related costs. The net realizable value is the estimated selling price less the estimated expenses that are necessary for completion and sale.

Cash and short-term deposits in the balance sheet comprise of cash on hand, bank balances and short-term deposits with original maturity of 3 months or less.

Pensions and similar obligations result from obligations to employees. The amounts payable in connection with defined contribution plans are expensed as soon as the obligation to pay arises, and reported as personnel expenses. Advance payments of these sums are capitalized if they will result in a reimbursement or the reduction of future payments. There are no obligations for defined benefit plans.

Financial liabilities

Financial liabilities are either classified at fair value through profit or loss or as other 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 or 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.

Other financial liabilities are recognized initially at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

Provisions are reported at the best estimate of the amount required to settle the obligation. They are created for legal or constructive obligations resulting from past events when it is probable that the settlement of the obligations will lead to an outflow of resources and the amount of 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 disclosed in the notes which result from a possible legal consequence of a past event whose existence and the occurrence or nonoccurrence of one or more uncertain future events could take place, not wholly in the company's control. Contingent liabilities may also arise from a present obligation, based on past events, but however were not included because

- an outflow of resources embodying economic benefit with the fulfillment of this obligation is remote or

- the amount of the obligation cannot be sufficiently reliably estimated.

If the outflow of resources embodying economic benefits to the company is remote, no contingent liability is disclosed.

Pursuant to IAS 20, **Government grants** are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Grants related to assets are deducted from the purchase or conversion cost to arrive at the carrying amount. Grants relating to personnel cost are deducted from expenses in the period they have been paid.

Current tax assets and liabilities

Current tax assets and liabilities for the current period and for prior periods are measured at the amount expected as a refund from or paid to the tax authorities. The current tax assets and liabilities for the current year are determined based on the taxable income for the current year. Taxable profit differs from profit as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are recorded on temporary differences between the tax base and the carrying amount in 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 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 accounting profit nor taxable profit (tax 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, carryforward 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 tax asset relating to the deductible temporary difference arises from 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 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 tax assets is reviewed every 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 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. All future tax changes are taken into account if at the time of the balance sheet date release assumptions can be made about the completion of legislation.

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 recognized directly in equity.

Deferred tax assets and deferred tax liabilities are offset against each other when the Group has an enforceable right to offset the current tax assets against the tax liabilities and these assets and liabilities relate to income taxes levied by the same tax authority for the same taxable entity.

Value Added Tax

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 amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration. In addition the following conditions must be satisfied for the revenue to be recognized:

Sales of merchandise and goods as well as rendering of services: Revenues are recorded net of VAT and after deducting any rebates or discount granted. Sales are recorded as revenue at the date of delivery to the customer. Revenue from the rendering of services is recognized using the percentage of completion method in accordance with IAS 11.

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. In the fiscal year 2009, there were no multiple component contracts.

Construction Contracts: If the result of a construction contract can be reliably estimated, contract revenue and contract costs in connection with this construction contract are recognized in accordance with the stage of completion at balance sheet date as a part of the contract costs are incurred for the contributed work in proportion to the expected contract costs. Changes in contract work, claims and incentive bonuses are contained to the extent to which they are in the customer agreement. If the result of manufacturing contracts cannot be reliably determined, the contract revenue is only recognized to the extent that contract costs are incurred which are expected to be recoverable.

Contract costs are recognized in the period in which they arise, recorded as an expense. If it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognized immediately as an expense.

Royalties: Revenue is recognized on an accrual basis in accordance with the substance of the underlying contract. Royalties on a temporal basis are recognized as revenue on a straight-line-basis over the period covered by the agreement.

Dividends and Interest Income: Dividend income is recognized when the Group's right to receive the payment is established.

Revenue is recognized when interest rates are established (using the effective interest method, i.e. the discount rate, the estimated future payment flows over the expected life of the financial instrument are included in the net book value of the financial instruments). Interest paid or received is disclosed as interest income and interest expenses.

Significant accounting judgments, assumptions and estimates

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 uncertainly 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.

- The determination of the stage of completion is subject to the determination of contract costs incurred, even with some degree of discretion. The assessment is followed to the best of our knowledge and belief at the time of the balance sheet date.

- Floating-rate investments are classified and measured at fair value through profit or loss.

- In determining provisions, a number of assumptions are made about the probability of the occurrence of resource outflows. These assumptions are based on the best estimates of the actual situation, but however are based on the necessary application of assumptions with a given degree of uncertainty. When determining the provisions, one must also look at the level of potential resource outflows. A change in assumptions can therefore lead to a different level of provision. Therefore there are a certain number of uncertainties in the use of assumptions.

Decisions based on estimates mainly relate to provisions for which is 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.

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 lockup period agreed. The counter-entry was posted directly to equity.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense that would have been incurred 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

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 activities.

Revenue is essentially composed of the following income items:

Fig. 3 REVENUE IN EUR K

	2009	2008
Revenue from services	51,263	52,545
Revenue from the sale of goods	9,140	11,595
Royalties	26,085	19,217
Total	86,488	83,357

Included in the revenues are sales from construction contracts (PoC) amounting to EUR 644 k (prior year: EUR 979 k). Contract costs of EUR 364 k (prior year: EUR 388 k) arose.

2. Research and development costs

Pursuant to IAS 38, non-project related development costs, provided that they are not incurred for basic research or are not related to orders, are capitalized if the conditions of IAS 38.57 are met.

In 2009, exclusively non-project related product development was conducted. The development costs have been expensed as incurred and amount to EUR 4,759 k (prior year: EUR 3,648 k) for the reporting period.

3. Other operating income

The other operating income breaks down as follows:

Fig. 4 OTHER OPERATING INCOME IN EUR K

	2009	2008
Income from charging marketing and administration costs	151	99
Income subsidy kindergarden, investment grants	177	0
Income from subleases, including utilities	280	246
Income from insurance indemnification	118	58
Income from foreign exchange rate differences	131	133
Other income	148	182
Negative goodwill arising on acquisition	0	68
Total	1,005	786

The income from exchange rate differences resulted particularly from the conversion of, for example, US$ and Swiss francs.

4. Cost of materials

This item contains the costs of purchased merchandise for EUR 17,739 k (prior year EUR 15,428 k) and costs of purchased services of EUR 9,753 k (prior year EUR 7,822 k).

5. Personnel expenses

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

Fig. 5 PERSONNEL EXPENSES IN EUR K		
	2009	2008
Wages and salaries	34,699	32,969
Social security, pension and other benefit costs	5,935	5,797
Total	40,634	38,766

The pension costs consist of an employer-funded company pension scheme at the former cad scheffler GmbH and the employer's contribution to the statutory pension scheme. Ongoing contributions are reported in the consolidated income statement as pension costs for the re-spective year and amounted to EUR 9 k in 2009 (prior year: EUR 26 k).

The group entity with the employee-funded pension scheme has issued its employees a defined-contribution commitment. In this defined contribution plan, the employer avoids entering into any obligations over and above the payment of contributions to an external welfare fund (direct insurance). The amount of future pension payments is based exclusively on the value of the contributions paid by the employer to the external welfare provider, including income from the investment of said contributions.

The employer's contribution to the state pension scheme in Germany is organized as a state defined contribution plan in Germany. Included in the expenses for the pension scheme is EUR 179 k (prior year: EUR 172 k) for contributions to the pension scheme from a large German insurance company.

On average, 703 (prior year: 702) employees were employed, 62 of which (prior year: 62) are in training.

On the reporting date of December 31, 2009, the number of employees was at 695 individuals (prior year: 721). From this, 640 were employed in Germany, 25 in other member states of the European Union and 30 in different nations.

Expenditures from termination benefits were included in the personnel expenses up to an amount of EUR 458 k (prior year: EUR 167 k). On the report day, EUR 402 k of these are recognized under the liabilities, because these were not yet paid. These expenditures are in connection with the adjustment of the personnel for the general economic development.

Public expenditures in the form of short-time benefits are included and amount to EUR 189 k (prior year: EUR 0 k).

6. 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 F1 and F2.

7. Other operating expenses:

Fig. 6 OTHER OPERATING EXPENSES IN EUR K

	2009	2008
Motor vehicle costs	1,446	1,772
Travel expenses	2,245	3,243
Advertising costs	1,222	1,633
Telecommunication and office supplies	1,175	972
Rent and rent incidentals	776	841
Rental and lease expenses	3,892	3,611
Exchange rate losses	101	203
Other personnel expenses	204	871
Legal and consulting fees	419	467
Commission	316	515
Education	360	467
Insurance	289	330
Advisory fees	386	544
Other	641	677
Total	13,472	16,146

8. 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 NET INTEREST IN EUR K

	2009	2008
Interest income from bank balances	198	350
Interest income from other financial assets	42	0
Other interest income	27	37
Total interest income	267	387
Utilization of credit lines and guarantees	7	7
Interest expenses for business taxes	12	113
Total interest expenses	19	120

9. Result from financial instruments at fair value through profit or loss:

Fig. 8 RESULT FROM FINANCIAL INSTRUMENTS IN EUR K

	2009	2008
Profits on securities	0	252
Total income	0	252
Impairment on other financial assets	-50	-40
Total expenses	-50	-40
Total result	-50	212

The net loss from securities designated as other financial assets amount to EUR -8 k (prior year: EUR -40 k).

10. Income taxes

The current tax includes domestic corporate income tax including the solidarity surcharge and the business tax. Comparable taxes from foreign subsidiaries are also disclosed under this position.

Through the law for corporate tax reform in 2008, the nominal corporate tax rates for German companies dropped considerably. For the 2008 tax assessment period, the corporate tax was decreased from 25 to 15%. The tentative tax (Gewerbesteuermesszahl) was reduced from 5 to 3.5%. However, there is no longer the possibility to deduct business tax as an expense.

Expenses from income taxes break down as follows:

Fig. 9 INCOME TAX IN EUR K

	2009	2008
Current tax expense	1,389	2,041
Change in deferred taxes	-32	-117
Total	1,357	1,924

The current tax expense includes additional expenses of EUR 2 k relating to other periods (prior year: EUR 778 k).

The calculation of deferred taxes was based on a tax rate of 30.99% (prior year: 31.03%).

We refer to note F 4 with respect to the change in deferred taxes. Theoretical tax expense based on a tax rate of 30.99% (prior year: 31.03%) and is calculated as follows:

Fig. 10 IMPUTED TAX EXPENSE IN %

	2009	2008
Business tax at a levy rate of 433.221% (prior year: 437,834%)	15.16	15.20
Corporate income tax (15%; prior year: 15% of profit after trade tax)	15.00	15.00
Solidarity surcharge (5.5% of corporate income tax)	0.83	0.83
Effective tax rate	30.99	31.03

The difference between the current tax expense and the imputed tax expense that would result from a tax rate of 30.99% (prior year: 31.03%) breaks down as follows:

Fig. 11 EXPECTED TAX BURDEN IN EUR K

	2009	2008
Earnings before taxes	4,085	5,258
Theoretical tax expense based on a tax rate of 30.99% (prior year: 31.03 %)	1,266	1,632
Non-deductible expenses	259	159
Tax-free income	-8	-111
Effects of different tax rates within the Group and tax rate changes	-144	-547
Taxes relating to other periods (reversal of income tax liabilities)	0	778
Taxes on profits of subsidiaries not transferred	0	13
Other	-16	0
Income tax expense according to the consolidated income statement	1,357	1,924

11. Earnings per share

The determination of the results per share occurs according to the guidelines of IAS 33 ("Earnings per Share") through a division of the net income of the Group through the average weighted number of the shares issued during the fiscal year. Basic earnings per share do not consider any options and are calculated by dividing the net profit for the shares after shares from third parties by the average number of shares. Diluted earnings per share are present if in addition to common shares, capital instruments are issued which could lead to an increase in the number of shares in the future. Options or warrants are only considered if the average market price of the common shares exceeds the exercise price of the options or warrants during the period under review. This effect is determined and disclosed accordingly.

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

Fig. 12 BASIC AND DILUTED EARNINGS PER SHARE COMPUTATIONS IN EUR K

	2009	2008
Net profit attributable to holders of common shares of the parent	2,728	3,334
Weighted average number of ordinary shares for the calculation of the basic earnings per share	8,367,758	8,367,758

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

We have no treasury shares on the reporting date.

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of completion of these consolidated financial statements. According to IAS 33 par. 49, this results in an earnings per share of EUR 0.33 (prior year: EUR 0.40) both basic and diluted.

12. Dividends paid and proposed

Declared and paid during the fiscal year:

Fig. 13 DECLARED AND PAID DIVIDENDS IN EUR K

Dividends on common shares:	2009	2008
Final dividends for 2008: 0 EUR (2007: 0.50 EUR)	0	4,184

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

Fig. 14 PROPOSED DIVIDENDS IN EUR K

Dividends on common shares:	2009	2008
Final dividends for 2009: 0.30 EUR (2008: 0 EUR)	2,510	0

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

F. Balance sheet

1. Intangible assets

Intangible assets developed as follows in 2009:

Fig. 15 INTANGIBLE ASSETS

	Software and licenses in such rights and assets	Customer base	Order backlog	Total
	EUR k	EUR k	EUR k	EUR k
Acquisition/production costs as of 1.1.2009	1,518	1,391	35	2,944
Exchange difference	0	0	0	0
Additions	123	0	0	123
Disposals	0	0	35	35
As of 12.31.2009	1,641	1,391	0	3,032
Accumulated amortization as of 1.1.2009	1,205	199	35	1,439
Exchange difference	10	0	0	10
Additions	2,181	199	0	417
Disposals	0	0	35	35
As of 12.31.2009	1,413	398	0	1,811
Net carrying amounts	228	994	0	1,221
	EUR k	EUR k	EUR k	EUR k
Acquisition/production costs as of 1.1.2008	1,217	0	0	1,217
First-time consolidation 1.1 2008	47	1,391	35	1,473
Exchange difference	4	0	0	4
Additions	250	0	0	250
Disposals	0	0	0	0
As of 12.31.2008	1,518	1,391	35	2,944
Accumulated amortization as of 1.1.2008	967	0	0	967
Exchange difference	3	0	0	3
Additions	235	199	35	469
Disposals	0	0	0	0
As of 12.31.2008	1,205	199	35	1,439
Net carrying amounts	313	1,192	0	1,505

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

On the reporting day, the customer base still had a residual useful life of 5 years.

2. Property, plant and equipment

Property, plant and equipment developed as follows in 2009:

Fig. 16 PROPERTY, PLANT AND EQUIPMENT IN EUR K

	Buildings including buildings on third-party land	Technical equipment, machines	Furniture and fixtures	Total
	EUR k	EUR k	EUR k	EUR k
Acquisition/production costs as of 1.1.2009	1,463	6,944	883	9,290
Exchange difference	1	4	5	10
Additions	171	522	178	871
Disposals	0	0	0	0
As of 12.31.2009	1,633	7,084	1,037	9,754
Accumulated depreciation as of 1.1.2009	601	5,695	545	6,841
Exchange difference	0	5	1	6
Additions	132	721	136	989
Disposals	0	0	0	0
As of 12.31.2009	733	6,068	667	7,469
Net carrying amounts	900	1,015	370	2,285
	EUR k	EUR k	EUR k	EUR k
Acquisition/production costs as of 1.1.2008	909	6,412	619	7,940
First-time consolidation 1.1.2008	531	0	100	631
Exchange difference	4	27	4	35
Additions	29	806	178	1,013
Disposals	10	301	18	329
As of 12.31.2008	1,463	6,944	883	9,290
Accumulated depreciation as of 1.1.2008	462	5,300	418	6,180
Exchange difference	2	21	5	28
Additions	138	666	136	940
Disposals	1	1,292	14	307
As of 12.31.2008	601	5,695	545	6,841
Net carrying amounts	862	1,249	338	2,449

3. Investment in an associate

CENIT AG Systemhaus holds a share of 33.3% in CenProCS AIRliance GmbH, an entity domiciled in Stuttgart. This entity specializes in providing packaged services in the field of IT, as well as coordinating and marketing said services.

The share of the assets, liabilities, revenue and profit of the associate that is included in the consolidated financial statements as of December 31, 2009 breaks down as follows:

Fig. 17 INVESTMENT IN AN ASSOCIATE IN EUR K

	2009	2008
Current assets	2,831	1,691
Non-current assets	0	0
Current liabilities	-2,784	-1,640
Non-current liabilities	0	0
Net assets	47	51
Revenue	9,085	2,311
Profit	-1	-1
Carrying amount of the investment	50	51

As of December 31, 2009, CenProCS AIRliance GmbH reported a loss of EUR 4 k (prior year: EUR 4 k).

4. Deferred tax

The recognition and measurement differences determined between the profit in the tax balance sheet 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 taxes of the following amounts

Fig. 18 DEFERRED TAX IN EUR K

	Deferred tax assets EUR k		Deferred tax liabilities EUR k	
	12.31.2009	12.31.2008	12.31.2009	12.31.2008
Taxes on profits of subsidiaries not transferred	0	0	43	43
Depreciation and amortization of non-current assets	16	148	334	399
General bad debt allowances	0	0	50	41
Receivables from service contracts	0	0	87	139
Other provisions	107	54	97	7
Special item for investment subsidies	0	0	0	89
Total	123	202	611	718
Netting	-123	-202	123	202
Total	0	0	488	516

EUR 374 k of deferred taxes from the first-time consolidation of cad scheffler were posted directly to equity. Except for some immaterial currency translation effects, the additional changes in deferred tax assets and liabilities were posted to profit or loss in the reporting year and in the prior year.

As of December 31, 2009, deferred income tax liabilities totaling EUR 43 k (prior year: EUR 43 k) were recognized for taxes on the non-transferred profits of three subsidiaries (so-called outside basis differences). No deferred income tax liabilities were recorded on non-transferred profits of any other subsidiaries as of December 31, 2009, because management has decided that the profits of the subsidiaries not transferred in the past will not be transferred in the foreseeable future. The temporary differences associated with investments in subsidiaries for which no deferred tax liabilities were recognized amount to EUR 11 k (prior year: EUR 11 k).

On the reporting date, no deferred tax assets could be recognized on unused tax losses.

5. Inventories

No adjustments were made to the net realizable value in the fiscal year 2009 or the prior year.

Fig. 19 INVENTORIES IN EUR K

	12.31.2009	12.31.2008
Work in progress	94	696
Merchandise (at cost)	641	433
Payments in advance	190	0
Total inventories	925	1,129

6. Receivables

Trade receivables totaling EUR 10,517 k (prior year: EUR 15,065 k) are due from third parties as well as EUR 4,161 k (prior year: EUR 2,977 k) from associates.

Included in the receivables are receivables from construction contracts (PoC) amounting to EUR 644 k (prior year: EUR 979 k). For these receivables, there were contract costs amounting to EUR 364 k (prior year: EUR 388 k) arose.

Clients are normally provided a payment target of 30 to 60 days. For the first 60 days, beginning with the invoice date, no interest will be charged; afterwards, depending on the condition, interest will be charged in the single digit percent range for the outstanding amount. Independent of the period, specific bad debt allowances are conducted, provided a concrete credit risk is known (settlement, insolvency). As of balance sheet date, no bad debt allowances are recognized (prior year EUR 0 k).

For trade receivables no impairment loss was recorded, because no important change of the credit-worthiness of the debtors was determined and assumed that the outstanding amounts will be paid. The group does not hold any securities for these open items.

The aging structure of trade receivables was as follows at the end of the fiscal year:

Fig. 20 RECEIVABLES IN EUR K

	Total	thereof: Neither depreciated nor outstanding on the balance sheet date	thereof: Not depreciated on the balance sheet date and outstanding in the following periods			
	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
2009	14,678	12,652	1,709	317	0	0
2008	18,042	12,864	4,552	207	158	261

On the balance sheet date, trade receivables were depreciated at an amount of EUR 0 k (prior year EUR 7 k). The allowance account of receivables developed as follows:

Fig. 21 IMPAIRMENT OF RECEIVABLES IN EUR K

	Provision EUR k
As of 1.1.2008	0
Addition	7
As of 12.31.2008	7
Addition (+)/reversal (-)	-7
As of 12.31.2009	0

For the determination of the sustainability of trade receivables, every change to the creditworthiness since the assignment of the payment target till the balance sheet date are considered. There is no noteworthy concentration of the credit risk, because the customer base is wide and no correlations exist.

A breakdown of receivables by country is as follows:

Fig. 22 RECEIVABLES BY COUNTRY IN EUR K

	12.31.2009 EUR k	12.31.2008 EUR k
Germany	13,314	15,940
Europe	542	1,140
Rest of the world incl. USA	822	962
Total	14,678	18,042

7. Other receivables

Other receivables break down as follows:

Fig. 23 OTHER RECEIVABLES IN EUR K

	12.31.2009 EUR k	12.31.2008 EUR k
Receivables from staff	68	24
Deposit receivables	32	44
Receivables from the Federal Employment Agency	49	0
Reimbursement receivables	19	0
Interest cut-off	4	73
Other	33	15
Total	205	156

Other receivables are short term, not past due and not impaired.

8. Other financial assets at fair value through profit or loss

Other financial assets break down as follows:

Fig. 24 OTHER FINANCIAL ASSETS IN EUR K

	12.31.2009 EUR k	12.31.2008 EUR k
BW Bank securities	910	960

As of March 8, 2007, 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 3-month EURIBOR +0.3%. This financial asset was classified as being held for trade purposes on initial recognition.

Under the long-term securities, bonds with an amount of EUR 2,000 k were shown. These were categorized with the attached as 'at fair value through profit or loss'.

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. The maximum possible credit risk consists in the amount of the disclosed carrying amount.

9. Current income tax receivables

The non-current income tax receivables relate to the recognized corporate income tax credits. This is recognized with its present value. With the determination of the present value, a discounting interest rate of 4.0% was taken as a basis.

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 current portion of the recognized corporate income tax credit.

They developed as follows:

Fig. 25 CURRENT INCOME TAX RECEIVABLES IN EUR K

	EUR k
As of 01.01.2009 - tax reimbursement claims -	1,043
Cash inflow/outflow	-1,043
Current portion of corporate income tax credit	87
Capitalized	299
As of 12.31.2009	386

10. Cash and cash equivalents

Cash breaks down as follows:

Fig. 26 CASH AND SHORT-TERM DEPOSITS IN EUR K

	12.31.2009 EUR k	12.31.2008 EUR k
Cash at banks	18,591	12,255
Cash on hand	8	10
Total	18,599	12,265

Cash at banks earns interest at the floating rates based on daily bank deposit rates. The fair value of cash amounts to EUR 18,599 k (prior year: EUR 12,265 k).

As of the balance sheet date, the bank held undrawn credit facilities totaling EUR 2,409 k (2008: EUR 2,409 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

Prepaid expenses breaks down as follows:

Fig. 27 PREPAID EXPENSES IN EUR K

	12.31.2009 EUR k	12.31.2008 EUR k
Prepaid expenses from license brokerage	1,633	1,046
Prepaid expenses from rights of use and auto insurance	199	185
Total	1,832	1,231

The accrued license payments are deposits from the CENIT Group for the period of 2010, which will be expensed in the income statement in the subsequent year.

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 capital stock 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 made out to the bearer and are all no-par value common shares.

The company continues do not have any treasury shares.

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) 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 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 ["Aktiengesetz": German Stock Corporation 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 the end of June 13, 2011, the Supervisory Board is authorized to adjust Art. 5 of the Articles of Incorporation and Bylaws accordingly after expiry of the period of authorization.

Contingent capital

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

Fig. 28 CONTINGENT CAPITAL

	Number		EUR	
	12.31.2009	12.31.2008	12.31.2009	12.31.2008
2002/2006 Stock Option Plan	520,000	520,000	520,000	520,000

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 granting shares to bearers of options 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 options 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 with the approval of the Supervisory Board.

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

The subscription rights may only be offered 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 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 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 Board 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 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 measure becomes effective and announced to the eligible persons.

In the event of procedures pursuant to Sec. 327a et seq. AktG for subscription rights not exercised under this stock option plan, the provisions of Sec. 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 share-holders' 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:

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

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

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

The weighted average fair value of the options granted amounted to EUR 640 k (prior year: 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:

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
Anticipated term of the option (years)	4
Weighted average share price (EUR) (before capital increase in 2006)	22.20

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

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

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 last increased in the fiscal year 2007 by EUR 195 k by pro rata posting of the stock options granted under the stock option plan 2002/06.

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 subsi-diaries' financial statements that are offset against equity.

The acquisition of the remaining 10% share in CENIT (Switzerland) AG in 2008 means that there are no minority interests in equity as of the balance sheet date.

13. Current income tax liabilities and other provisions

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

	Dec. 31, 2009 EUR k	Dec. 31, 2008 EUR k
Current income tax liabilities	422	1,058
Other provisions	322	170
Total	744	1,228

The current income tax liabilities developed as follows:

Fig. 32 CURRENT INCOME TAX LIABILITIES IN EUR K

	EUR k
As of 1.1.2009	1,058
Consumption	-1,058
Addition	422
As of 12.31.2009	422

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

Fig. 33 OTHER PROVISIONS IN EUR K

	Annual general meeting EUR k	Other EUR k	Total EUR k
As of 1.1.2009	170	0	170
Consumption	128	0	128
Reversal	42	0	42
Addition	150	172	322
As of 12.31.2009	150	172	322

The provisions will mainly be used in the following reporting period. The amount of the provisions used is very probable and only contains some uncertainty in regards to the amount.

14. Liabilities

Liabilities are subject to customary retentions of title to the delivered goods:

Fig. 34 TRADE PAYABLES IN EUR K

	Dec. 31, 2009 EUR k	Dec. 31, 2008 EUR k
Trade payables to third parties	4,241	5,069
Liabilities to associates	38	39
Total	4,279	5,108

EUR 4,279 k (prior year: EUR 5,108 k) of total trade payables is due within one year. This is not subject to interest.

15. Other liabilities

Other liabilities comprise:

Fig. 35 OTHER LIABILITIES IN EUR K

	Dec. 31, 2009 EUR k	Dec. 31, 2008 EUR k
VAT/wage tax payables	1,588	1,770
Liabilities for social security	51	54
Accruals	2,979	2,033
Other	3,811	3,341
Total	8,429	7,198

The other remaining liabilities include primarily outstanding invoices amounting to EUR 1,819 k (prior year: EUR 2,041 k), pre-invoicing EUR 1,362 k (prior year EUR 2,911 k) and other current liabilities. Other liabilities are not subject to interest and are used up in the first few months of the following fiscal year.

Accruals cover all identifiable obligations to third parties. They are carried at the probable amount.

Accruals developed as follows:

Fig. 36 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
As of 01.01.2009	159	944	930	2,033
Consumption	145	944	930	2,019
Reversals	14	0	0	14
Addition	155	1,837	987	2,979
As of 12.31.2009	155	1,837	987	2,979

Included in the other position are, among other things, non-recurring expenditures for personnel adjustment measures amounting to EUR 402 k, expenditures for anniversary expenses amounting to EUR 192 k and advisory board remuneration with EUR 68 k.

16. Financial risk management objectives and policies

In accordance with IFRS 7, the goal of the required attachment data is the determination of decisive information about the amount, point in time and probability of future cash flows that result from financial results and an estimation of the risks resulting from the financial instruments.

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. In addition to cash, financial assets include non-securitized receivables and trade receivables, borrowing and loans and securitized receivables like checks, bills of exchange or bonds. Financial assets may also include financial investments held to maturity and derivatives held for trading purposes. Financial liabilities in contrast normally form the basis of a contractual obligation for returning cash or other financial assets. This includes particularly trade liabilities, liabilities to credit institutes, bonds, liabilities from the acceptance of exchange and written options and derivative financial instruments with negative fair value.

The most important financial instruments used by the Group – with the exception of derivative financial instruments – include bank loans and overdraft facilities and trade payables. The main purpose of this financial instrument is the financing of the activities of the Group. The group has different financial assets, like trade receivables, securities and cash and current deposits that result indirectly from their business operations.

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.

Market risk

Market risk is the risk that the fair value or future cash flows of an instrument deviate due to changes to the market prices. There are three types of market risks: Exchange rate risk, interest rate risk and other price risks, like the share price risk. The entity does not see any considerable market price risk. We refer to the following information in regards to the other market risks mentioned above.

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.

Before accepting a new client, the Group uses an external creditworthiness audit in order to evaluate the creditworthiness of potential clients and to determine their credit limits.

Credit ratings are done for new clients through the Creditreform e.V. For new and existing clients, the credit risk is also reduced through the creation of advance payment invoices. For existing clients, the payment behavior is continuously analyzed. The credit risks are controlled with individual limits for each contract party, these limits are examined annually.

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.

In addition to normal title retentions, the Group does not have securities or other credit improvement measures that could minimize this credit risk.

Currency risk

The currency risk 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. With cash amounting to USD 59 k (prior year: USD 23 k) at a change of +/- 10%, the risk exposure amounts to EUR 6 k (prior year: EUR 2 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. An interest rate risk is only seen by the Group for the investment in cash and cash equivalents. This risk is estimated to not be substantial.

The CENIT Group's policy is to manage its interest income using a mix of fixed and floating rate investments. The Group uses financial instruments where necessary to achieve this goal.

As of both balance sheet dates, there were no derivative financial instruments to hedge interest rate risks.

Liquidity risk

The group generally requires enough liquidity to fulfill their financial obligations. Liquidity risks arise through the possibility that customers are unable to fulfill their obligations within the scope of normal course of their business. The group controls liquidity risks by holding appropriate reserves, credits facilities at banks and through the constant surveillance of the predicted and actual payment streams and the agreement of the maturity profile of financial assets and liabilities.

The creditworthiness of the Group allows for the acquisition of liquid assets in an adequate amount. Moreover, there are unused credit facilities amounting to EUR 2,409 k (prior year: EUR 2,409 k).

Due to the high inventory of cash and cash equivalents and marketable securities, there are currently no liquidity or refinancing risks on a group level.

The financial liabilities all show a duration of a maximum of one year.

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 share-holder 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 objectives, policies and processes as of December 31, 2009 and December 31, 2008.

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 balance sheet (in accordance with IFRSs):

Fig. 37 TOTAL ASSETS

	Dec. 31, 2009 EUR k	Dec. 31, 2008 EUR k
Total assets	43,611	39,414
Equity attributable to equity holders of the parent	28,075	25,364
Equity as a percentage of total assets (in %)	64.4	64.4

17. Financial instruments

Set out below is a comparison of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements:

Fig. 38 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
	2009	2008	2009	2008
Financial assets				
Cash and cash equivalents	18,599	12,265	18,599	12,265
Other financial assets at fair value through profit or loss	2,910	960	2,910	960
Loans and receivables, thereof:	14,883	18,198	14,883	18,198
• Trade receivables	10,517	15,065	10,517	15,065
• Receivables from an associate	4,161	2,977	4,161	2,977
• Other receivables	205	156	205	156
	34,392	31,423	34,392	31,423
Financial liabilities				
Other financial liabilities, thereof:	11,068	10,533	11,068	10,533
• Trade payables	4,241	5,069	4,241	5,069
• Liabilities to an associate	38	39	38	39
• Accruals	2,839	2,033	2,839	2,033
• Other liabilities	3,950	3,392	3,950	3,392
	11,068	10,533	11,068	10,533

The fair value of the financial assets and liabilities corresponds to the carrying amount, as these are exclusively current assets and liabilities. The fair value of financial assets that are set to the fair value come from the prices formed by the market.

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. Here cash flows were separated in accordance with IAS 7 into the cash inflow/outflow from operate business, investment and financing activities. The amounts displayed by foreign entities were converted to annual average rates. Deviating from this, the liquidity, just as in the balance sheet, is set to the rate on the reporting date. The influence of exchange rate changes on the cash is shown separately. The changes from adjustments to the deferred tax assets and liabilities are posted separately.

The cash flows from investments and financing activities are determined related to the payment. The cash flow from operate business activities is indirectly deduced from the net income of the Group. Within the scope of the indirect determination, the considered changes to balance sheet positions in connection with the operate business activities are cleaned by effects from the currency exchange and from consolidation changes. Differences arise here in comparison to the changes to the affected balance sheet positions in the Group balance sheet.

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

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.

The funds for financing purposes include all of the cash and cash equivalents in the balance, provided they have an original maturity of less than three months. The funds for financing was composed as follows on the balance sheet date:

Fig. 39 CASH AND CASH EQUIVALENTS IN EUR K

Cash and cash equivalents	Dec. 31, 2009 EUR k	Dec. 31, 2008 EUR k
Cash at banks	18,591	12,255
Cash on hand	8	10
Cash and cash equivalents	18,599	12,265

H. Segment reporting

The Group applied IFRS 8 business segments with effect on January 1, 2009. In accordance with IFRS 8, operating segments are to be separated on the basis of internal reporting of Group divisions, which are examined regularly by the management of the entity in regards to decisions about the allocation of resources to these segments and the evaluation of their profitability. In contrast, the entity demanded in accordance with the prior standard (IAS 14 segment reporting) to identify two segment levels (business and geographic segments) under application of the "Risks and Rewards Approach", whereby the management information system only served as an aid for identifying these segment levels for people in key positions of the entity. Thus, the identification of the Group segments requiring reporting has changed through the application of IFRS 8.

For the purpose of company control, the Group is organized into business units according to products and services and it has the following two operating segments requiring reporting:

- EIM (Enterprise Information Management)
- PLM (Product Lifecycle Management)

CENIT Aktiengesellschaft Systemhaus

Segment reporting by business unit (in compliance with IFRS) for the period from January 1 to December 31, 2009

in EUR k		EIM	PLM	Not allocated	Group
External revenue	Q1 - Q4 2009	25,851	60,637	0	86,488
	Q1 - Q4 2008	25,402	57,955	0	83,357
EBIT	Q1 - Q4 2009	2,497	1,391	0	3,888
	Q1 - Q4 2008	2,825	1,955	0	4,780
Share of profit of an associated entity	Q1 - Q4 2009	0	-1	0	-1
	Q1 - Q4 2008	0	-1	0	-1
Other interest result and financial result	Q1 - Q4 2009	0	0	198	198
	Q1 - Q4 2008	0	0	479	479
Income taxes	Q1 - Q4 2009	0	0	1,357	1,357
	Q1 - Q4 2008	0	0	1,924	1,924
Net income of the Group for the year	Q1 - Q4 2009	2,499	1,389	-1,160	2,728
	Q1 - Q4 2008	2,825	1,954	-1,445	3,334
Segment assets	Q1 - Q4 2009	3,760	17,386	22,415	43,561
	Q1 - Q4 2008	4,447	20,065	14,851	39,363
Investment in an associate	Q1 - Q4 2009	0	50	0	50
	Q1 - Q4 2008	0	51	0	51
Segment liabilities	Q1 - Q4 2009	4,177	10,449	910	15,536
	Q1 - Q4 2008	3,161	9,315	1,574	14,050
Investments in property, plant & equipment and intangible assets	Q1 - Q4 2009	362	598	0	960
	Q1 - Q4 2008	297	967	0	1,264
Amortization & depreciation	Q1 - Q4 2009	284	1,123	0	1,407
	Q1 - Q4 2008	276	1,133	0	1,409

EIM = Enterprise Information Management; PLM = Project Lifecycle Management

CENIT Aktiengesellschaft Systemhaus

Segment reporting by country (in compliance with IFRS) for the period from January 1 to December 31, 2009

in EUR k		Germany	Switzerland	North America	Romania	France	Not allocated	Consolidation	Group
Internal revenue	Q1 - Q4 2009	4,078	547	319	473	465	0	-5,882	0
	Q1 - Q4 2008	3,392	2,062	244	709	313	0	-6,720	0
External revenue	Q1 - Q4 2009	78,147	2,794	5,544	2	1	0	0	86,488
	Q1 - Q4 2008	74,630	2,885	5,841	1	0	0	0	83,357
Segment assets	Q1 - Q4 2009	20,632	447	867	81	31	22,415	-912	43,561
	Q1 - Q4 2008	26,309	2,297	1,418	41	36	14,851	-5,589	39,363
Investment in an associate	Q1 - Q4 2009	50	0	0	0	0	0	0	50
	Q1 - Q4 2008	51	0	0	0	0	0	0	51
Investments in property, plant & equipment and intangible assets	Q1 - Q4 2009	899	4	5	23	29	0	0	960
	Q1 - Q4 2008	1,160	17	71	16	0	0	0	1,264

The presentation is based on internal reporting.

The Product Lifecycle Management (PLM) segment 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 the product lifecycle management, such as CATIA, Dassault or SAP.

The EIM (Enterprise Information Management) segment 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.

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.

In fiscal 2009, 22% of the revenue were done with one client (prior year: 17%). These sales are primarily allocated to the PLM operate segment.

The segmenting according to business units and the segmenting according to regions is depicted as follows: See chart on the left.

The non-allocated segment assets break down as follows:

Fig. 40 NON-ALLOCATED SEGMENT ASSETS IN EUR K

	12.31.2009 EUR k	12.31.2008 EUR k
Deferred tax assets	0	0
Non-current income tax receivables	520	583
Current income tax assets	386	1,043
Other financial assets (short and long term)	2,910	960
Cash and cash equivalents	18,599	12,265
Total	22,415	14,851

The non-allocated segment liabilities break down as follows:

Fig. 41 NON-ALLOCATED SEGMENT LIABILITIES IN EUR K

	12.31.2009 EUR k	12.31.2008 EUR k
Deferred tax liabilities	488	516
Current liabilities to banks	0	0
Current income tax liabilities	422	1,058
Total	910	1,574

There were no material non-cash expenses in the reporting year or in the prior year except depreciation and additions 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. 42 RENTAL AND LEASE OBLIGATIONS IN EUR K

	2009 EUR k	2008 EUR k
Due within one year	3,626	3,404
Due in one to five years	2,983	4,657
Due in more than five years	0	0
Total	6,609	8,061

Other financial obligations principally consist of tenancy obligations of EUR 4,498 k (prior year: EUR 5,535 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.

A rental contract for a fixed rental period of 9 years and 11 months was accepted for the Group's headquarters building. A two-time option right was agreed upon, the rental relationship is extended by three years for each exercise of this option. A normal market rent was agreed upon in this connection for the case of an option exercise.

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

Fig. 43 INCOME FROM SUBLEASE AGREEMENTS IN EUR K

	2009 EUR k	2008 EUR k
Within 1 year	191	218
1 – 5 years	147	386
More than 5 years	0	0
Total	338	604

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 32 k in the fiscal year 2009 (prior year: EUR 42 k). The business was transacted at arm's length conditions.

As of the balance sheet date, there were liabilities to related parties of EUR 2 k (prior year EUR 19 k), which were settled in the first days of January.

The Company's Management Board members are:

- Dipl.-Wirt.-Ing. Christian Pusch, Waldachtal, spokesman of the Management Board of CENIT AG Systemhaus, responsibilities: organization, Human Resources, Marketing, Investor Relations,

- Dipl.-Ing. Kurt Bengel, Waiblingen, member of the Management Board of CENIT Aktiengesellschaft Systemhaus, sphere of responsibility: operating activities

The Company's Supervisory Board members are:

- Dipl.-Ing. Andreas Schmidt (self-employed management consultant), Ahrensburg, chairman since 30 May 2008
- Dipl.-Kfm. Hubert Leypoldt (self-employed accountant, tax advisor, legal counsel), Dettingen/ Erms, deputy chairman
- Dip.-Ing. Andreas Karrer (head of department at CENIT AG Systemhaus, Stuttgart), Leinfelden-Echterdingen, employee representative since May 30, 2008

In the reporting period, the remuneration of the Management Board members was as follows:

Fig. 44 REMUNERATION OF THE MANAGEMENT BOARD MEMBERS IN EUR K

	2009 EUR k	2008 EUR k
Christian Pusch		
Fixed remuneration	248	234
Performance-based remuneration	36	25
Long-term incentive	0	0
Kurt Bengel		
Fixed remuneration	224	191
Performance-based remuneration	36	26
Long-term incentive	0	0
Total	544	476

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 capital stock (prior year: 0).

Mr. Christian Pusch retained 24,000 stock options under the stock option plan. Mr. Kurt Bengel retained 15,000 stock options. In the reporting year, the expense came to EUR 0 k (prior year: EUR 0 k).

Mr. Kurt Bengel also has an additional claim to severance pay in the event of termination amounting to 50% of the previous year's remuneration, provided his appointment to the Management Board is not extended beyond 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 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 2009:

Fig. 45 REMUNERATION OF THE SUPERVISORY BOARD IN EUR K

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

The members of the Management Board, Supervisory Board, and other executives were covered by D&O insurance throughout 2009. The contributions of EUR 24,544 (prior year: EUR 22,312) were taken over by the company.

As of the balance sheet date, the Supervisory Board held 193,392 shares, i.e. 2.29% of the Company's capital stock.

3. Changes at shareholder level

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

"Dear ladies and gentlemen,

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

Yours sincerely

Dr. Hepp
Deputy Managing Director"

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

"Dear ladies and gentlemen,

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

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

Yours sincerely,

UNIVERSAL-INVSTMENT-GESELLSCHAFT MBH

Dr. Jäger Tamme"

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

"Dear ladies and gentlemen,

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

Axxion S.A. stock:	255,356 shares
Total in circulation:	8,367,750 shares

Yours sincerely

Axxion S.A.
Sinan Narin"

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

"Dear Sir/Madam,

Highclere International Investors Limited of 2, Manchester Square, London, UK, herewith gives the following notice: Notification pursuant to Sec. 21(1), 22 WpHG, Highclere International Investors Smaller Companies Fund, 353 Bayberry Lane, Westport; CT 06880, USA, Cenit AG Systemhaus, Industriestraße 52 - 54, D-70565, Stuttgart, Germany. We hereby give notice, pursuant to sec.21 para. l of the WpHG, that on 12 November, 2008 our voting interest in Cenit AG Systemhaus exceeded the threshold of 5 % and amounts to 5.09 % (426,053 voting rights in relation to the total of 8,367,758) on this day.

Yours faithfully,

Fergus Gilmour
Chief Operating Officer"

"Dear Sir/Madam,

Highclere International Investors Limited off 2, Manchester Square, London, UK herewith gives the following notice: Notification pursuant to Sec. 21(1), 22 WpHG, Highclere International Investors Limited, 2 Manchester Square, London, UK, Cenit AG Systemhaus, Industriestraße 52 - 54, D-70565, Stuttgart, Germany. We hereby give notice, pursuant to sec. 21 para. of the WpHG, that on 12 November, 2008 our voting interest in Cenit AG Systemhaus exceeded the threshold of 5 % and amounts to 5.21 % (436,268 voting rights in relation to the total of 8,367,758) on this day. All voting rights are attributable to us in accordance with sec. 22 para.1 Sent. 1 No.6 of the WpHG. Voting rights are attributed to us by The Highclere International Investors Smaller Companies Fund and The Highclere (Jersey) International Smaller Companies Fund.

Yours faithfully,

Fergus Gilmour
Chief Operating Officer"

The Company received several notifications in accordance with § 21 (1) WpHG from UBS in the course of the fiscal year 2009.

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

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

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

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

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

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

Mark Geitzenauer   Ulrich Lind"

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

"Dear ladies and gentlemen,

In accordance with § 21 (1) WpHG we would like to inform you that the share of voting rights of the LBBW Asset management Investmentgesellschaft mbH in the CENIT AG Systemhaus, Industriestraße 52 - 54, 70565 Stuttgart, Germany, on October 28, 2009 dropped on all our special assets below the threshold of

3% and amounts now in total to a share amount of 183,000.00 shares, which corresponds to 2.187% of the total amount of votes.

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

Yours sincerely

LBBW Asset Management Investmentgesellschaft mbH

Corinna Krüger Carmen Teufel"

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

"Dear Fabian,

Re: Ratio Asset Management LLP- Notification pursuant to § 21 (1) WpHG
Interest in: CENIT AG, located at Industriestraße 52 - 54, 70565 Stuttgart, Germany

We hereby give notice, pursuant to § 21 para. 1 of the WpHG, that on 13th November 2009 the voting interest held in CENIT AG Systemhaus (located at Industriestraße 52 - 54, 70565 Stuttgart, Germany) exceeded the threshold of 3 % amounting to 3.13 % (262,128 of the voting shares) on this day.

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

Yours sincerely,

Paul Brunsden"

Distribution of shares among shareholders as of December 31, 2009:

Fig. 46 THE FOLLOWING INVESTORS HELD A SHARE SUBJECT TO REPORTING REQUIREMENTS

Company	Reported on	Number	Percent
Highclere International	11.13.2008	436,268	5.21
DIT Allianz Global Investors	11.02.2009	410,458	4.91
Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte	02.21.2007	330,000	3.94
Ratio Asset Management LLP	11.17.2009	262,128	3.13
Axxion	10.07.2008	255,356	3.05

4. Audit and advisory fees of the auditor:

Fig. 47 AUDIT AND ADVISORY FEES OF THE AUDITOR

	2009 EUR k	2008 EUR k
Fees for the audit of the financial statements and consolidated financial statements	101	94.5
thereof from a different period for the auditor from the prior year	(3)	0
Fees for other services	0	5.0
Total	98	99.5

5. Subsequent Events

After the balance sheet date, there were no circumstances that could have an important influence on the assets, finances and profit of the Group.

6. 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 2009 required by Sec. 161 AktG and made it permanently available to the shareholder on the homepage of the company (www.cenit.de).

Stuttgart, February 26, 2010

CENIT Aktiengesellschaft Systemhaus

The Management Board

Christian Pusch
(Spokesman of the Management Board)

Kurt Bengel

J. AUDIT OPINION

We have audited the consolidated financial statements prepared by the CENIT Aktiengesellschaft Systemhaus, Stuttgart, comprising the balance sheet, the statement of comprehensive income, the income statement, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1 to December 31, 2009. 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 to sec. 315a para. 1 HGB ["Handelsgesetzbuch": German Commercial Code] and supplementary provisions of the articles of incorporation are the responsibility of the parent 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 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 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 are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities to be 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. 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 para. 1 HGB and supplementary provisions of the articles of incorporation 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 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/Leonberg, March 3, 2010

BDO Deutsche Warentreuhand
Aktiengesellschaft/Wirtschaftsprüfungsgesellschaft

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

RESPONSIBILITY STATEMENT IN THE ANNUAL FINANCIAL REPORT (Group Financial Report)

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

„To the best of our knowledge, and in accordance with the applicable reporting principles, the Group 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)

The Management Board

Christian Pusch
(Spokesman of the Management Board)

Kurt Bengel

DECLARATION OF CONFORMITY

pursuant to §161 German Stock Corporation Act on the German Corporate Governance Kodex as amended on 18 June 2009

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Stuttgart, August 2009

Andreas Schmidt *Chairman, Supervisory Board*
Hubert Leypoldt *Member, Supervisory Board*
Andreas Karrer *Member, Supervisory Board*

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

EXCERPT FROM CENIT AG SYSTEMHAUS FINANCIAL STATEMENT IN ACCORDANCE WITH HGB

WE OPTIMIZE THE PRODUCT DEVELOPMENT PROCESS IN SAP FOR MANUFACTURING ENTERPRISES BY PROVIDING ALL PARTICIPANTS WORLDWIDE WITH COMPLETE, QUALITY-CONTROLLED PRODUCT DATA IN WHATEVER FORMAT REQUIRED.

SAP
OPTIMIZING BUSINESS PROCESSES,
INTEGRATING APPLICATIONS.

CENIT Aktiengesellschaft Systemhaus, Stuttgart
BALANCE SHEET as of December 31, 2009

		Dec. 31, 2009	Dec. 31, 2008
ASSETS	EUR	EUR	EUR k
A. FIXED ASSETS			
I. Intangible assets			
Franchises, industrial and similar rights and assets and licenses in such rights and assets		237,484.59	285
II. Property, plant and equipment			
1. Land and buildings including buildings on third-party land	873,930.41		325
2. Plant and machinery	958,126.98		1,152
3. Other equipment, furniture and fixtures	258,036.48		165
		2,090,093.87	1,642
III. Financial assets			
1. Shares in affiliated companies	625,643.06		3,093
2. Equity investments	52,554.25		53
3. Longterm securities	2,000,000.00		0
		2,678,197.31	3,146
B. CURRENT ASSETS			
I. Inventories			
1. Work in progress	348,297.66		793
2. Merchandise	578,477.01		357
3. Payments in advance	190,094.80		0
		1,116,869.47	1,150
II. Receivables and other assets			
1. Trade receivables	9,006,056.05		12,952
2. Receivables from affiliated companies	207,273.33		351
3. Receivables from companies in which equity investments are held	4,111,711.06		2,953
4. Other assets	953,256.31		1,499
		14,278,296.75	17,755
III. Securities			
Other securities		910,000.00	960
IV. Cash on hand, bank balances		16,305,326.87	9,014
C. PREPAID EXPENSES		1,622,389.11	1,189
		39,238,657.97	35,141

EQUITY AND LIABILITIES	EUR	Dec. 31, 2009 EUR	Dec. 31, 2008 EUR k
A. EQUITY			
I. Subscribed Capital		8,367,758.00	8,368
Conditional capital EUR 520,000.00 (PY: EUR 520 k)			
II. Capital reserves		1,058,017.90	1,058
III. Revenue reserves			
1. Legal reserve		418,387.90	418
2. Other revenue reserves		10,970,955.48	8,071
IV. Net retained profit		3,906,741.48	2,993
		24,721,860.76	20,908
B. PROVISIONS			
1. Tax provisions	390,097.96		553
2. Other provisions	5,639,849.14		4,352
		6,029,947.10	4,905
C. LIABILITIES			
1. Loans to banks	0.00		0
2. Payments received on account of orders	886,491.52		2,270
3. Trade payables	4,110,226.38		2,784
4. Liabilities to affiliated companies	116,033.12		2,167
5. Liabilities to companies in which equity investments are held	37,974.63		40
6. Other liabilities	1,740,060.97		2,067
Thereof as part of social insurance programs EUR 0 (PY: EUR 0 k)			
Thereof for taxes EUR 1,569,963.91 (PY: EUR 1,734 k)			
		6,890,786.62	9,328
D. DEFERRED INCOME			
		1,596,063.49	0
		39,238,657.97	35,141

CENIT Aktiengesellschaft Systemhaus, Stuttgart

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

			2009	2008
		EUR	EUR	EUR k
1.	Revenue		81,585,744.60	75,577
2.	Increase or decrease of work in process		-444,232.99	32
3.	Other operating income		1,147,131.22	1,128
			82,288,642.83	76,737
4.	Cost of materials			
a.	Cost of raw materials, consumables, and supplies of purchased merchandise	16,883,348.49		14,377
b.	Cost of purchased services	9,914,392.86		8,017
			26,797,741.35	22,394
5.	Personnel expenses			
a.	Salaries	31,978,582.68		30,001
b.	Social security costs	5,427,580.89		5,331
			37,406,163.57	35,332
6.	Amortization and depreciation of intangible assets and property, plant and equipment		1,112,969.69	1,018
7.	Other operating expenses		13,642,786.64	15,753
			3,328,981.58	2,240
8.	Income from equity investments Thereof from affiliated companies: EUR 2,146,376.97 (PY: EUR 1,992 k)		2,146,376.97	1,993
9.	Other interest and similar income including write-ups on securities classified as current assets Thereof from affiliated companies: EUR 0 (PY: EUR 0 k)		258,957.16	593
10.	Impairment of trade securities		50,000.00	40
11.	Interest and similar expenses Thereof to affiliated companies: EUR 47,266.78 (PY: EUR 55 k)		66,148.95	175
12.	Result from ordinary activities		5,618,166.76	4,611
13.	Extraordinary results		473,357.07	0
14.	Income taxes	1,277,427.72		1,674
15.	Other taxes	53,636,82		92
			1,331,064.54	1,766
16.	Net Income for the year		3,813,745.15	2,845

AUDIT OPINION
(Financial Report)

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

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and the supplementary provisions in the Articles of Incorporation and Bylaws and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.''

Stuttgart/Leonberg, February 26, 2010

BDO Deutsche Warentreuhand
Aktiengesellschaft/Wirtschaftsprüfungsgesellschaft

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

RESPONSIBILITY STATEMENT IN THE ANNUAL FINANCIAL REPORT

(Financial Report)

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

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

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

The Management Board

Christian Pusch
(Spokesman of the Management Board)

Kurt Bengel

CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, STUTTGART

GLOSSARY

AMS: Abbreviation for Application Management Services. Application Management Services is a variant of outsourcing in which the license and infrastructure remain with the 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 (SLA). 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 in which 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: 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.

DMF: Abbreviation for Digital Manufacturing.

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 and 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 Agreements. SLA define the qualitative and quantitative customer-specific objectives in the field of AMO, with the aim of achieving long-term, successful cooperation.

NOTES

EIM

ENTERPRISE INFORMATION MANAGEMENT
ACCELERATING PROCESSES, PUTTING KNOWLEDGE TO USE.

PLM

PRODUCT LIFECYCLE MANAGEMENT
FASTER DEVELOPMENT OF BETTER PRODUCTS.

CENIT AG SYSTEMHAUS

FINANCIAL REPORT 2009

CONTENT

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

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

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

Matters addressed at the Meetings of the Supervisory Board

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

Financial Reports/Audits

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

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

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

Further Topics Considered in Sessions and Telephone Conferences

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

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

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

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

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

Risk Management

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

Corporate Governance

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

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

Changes in Composition

There were no changes in composition.

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

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

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

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

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

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

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

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

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

Stuttgart, March 2010

For the Supervisory Board

A. Schmidt

Dipl.-Ing. Andreas Schmidt
Vorsitzender des Aufsichtsrats

MANAGEMENT REPORT FOR FISCAL YEAR 2009 IN GERMANY

OVERALL ECONOMIC CONDITIONS

GERMANY

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

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

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

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

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

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

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

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

EUROPE

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

USA

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

CONDITIONS IN THE INDUSTRY

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

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

Positioning of CENIT

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

CENIT (SWITZERLAND) AG, Frauenfeld/Switzerland

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

CENIT NORTH AMERICA Inc., Auburn Hills/USA

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

CENIT SRL, Iasi/Romania

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

CENIT France SARL, Toulouse/France

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

RESULTS FOR THE YEAR

Results of operations CENIT Aktiengesellschaft Systemhaus, Germany

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

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

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

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

cad scheffler GmbH, Oelsnitz

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

Composition of Cenit's Revenue by Business Unit

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

Breakdown of CENIT's Revenue by Business Unit in Germany

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

Proposed Dividend

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

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

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

Incoming Orders

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

Net Assets and Financial Position

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

Financing

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

Securing Liquidity

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

CAPITAL EXPENDITURES

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

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

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

All capital expenditures were financed by the operative cash flow.

Forex Management

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Working methods of the management board and the supervisory board

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

Compliance

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

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

Code of Conduct

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

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

Compliance Organisation

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

Shareholders and General Shareholders' Meeting

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

Supervisory board

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

Management board

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

Risk Report

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

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

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

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

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

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

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

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

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

Risk Management with regard to IT Security

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

Risk Monitoring

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

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

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

Risks Relating to Future Development

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

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

Procurement Strategy and Purchasing Policy

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

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

Quality Assurance

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

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

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

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

Employees

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

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

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

Training

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

Remuneration / Participation in Company Performance

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

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

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

Research and Development

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

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

Performance of CENIT's Shares on the Financial Markets

Chart: Stock Performance in 2009

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

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

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

Source: CENIT AG Systemhaus, Stuttgart

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

Overview of Stock Markets

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

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

Subsequent Events

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

Forecast for 2010

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

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

Anticipated Results of Operations

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

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

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

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

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

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

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

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

Employees

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

Research and Development

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

Anticipated Financial and Liquidity Position

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

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

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

Stuttgart, February 2010

The management board

Christian Pusch

Kurt Bengel

GROUP FINANCIAL STATEMENT

CENIT Aktiengesellschaft Systemhaus, Stuttgart

BALANCE SHEET as of 31 December 2009

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

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

CENIT Aktiengesellschaft Systemhaus, Stuttgart

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

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

Statement of changes in fixed assets
CENIT Aktiengesellschaft Systemhaus, Stuttgart

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

CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, STUTTGART

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2009

A. General

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

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

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

B. Accounting and valuation methods

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

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

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

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

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

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

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

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

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

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

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

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

Liabilities are recorded at the amount repayable.

CENIT Aktiengesellschaft Systemhaus, Stuttgart

List of shareholdings as of December 31, 2009

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

Currency translation

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

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

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

C. Notes to the balance sheet and income statement

I. Balance sheet

1. *Fixed assets*

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

2. *Financial assets*

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

3. *Inventories*

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

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

4. *Receivables and other assets*

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

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

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

5. *Prepaid Expenses*

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

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

6. *Equity*

Stock capital

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

Authorized capital

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

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

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

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

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

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

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

Contingent capital

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

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

Stock option plan 2002/2006

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Black-Scholes option pricing model

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

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

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

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

7. *Capital reserves*

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

8. *Legal reserve*

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

9. *Other revenue reserves*

Other revenue reserves changed as follows:

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

10. *Net retained profit*

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

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

11. *Provisions*

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

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

12. *Liabilities*

The liabilities are due within one year.

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

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

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

II. Income Statement

1. *Revenue*

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

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

2. *Other operating income*

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

3. *Personnel expenses*

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

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

4. *Other operating expenses*

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

5. *Financial and interest result*

The financial and interest result breaks down as follows:

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

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

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

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

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

7. *Extraordinary result*

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

8. *Income Taxes*

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

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

9. *Other taxes*

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

10. *Proposal for the appropriation of profits*

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

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

11. *Audit and advisory fees of the auditor*

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

D. Other notes

1. Personnel

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

2. Contingent liabilities and other financial obligations

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

3. Company boards

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

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

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

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

The supervisory boards have no further supervisory board positions.

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

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

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

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

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

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

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

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

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

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

4. *Changes at shareholder level*

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

„Dear ladies and gentlemen,

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

Yours sincerely

Dr. Hepp

Deputy Managing Director"

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

„Dear ladies and gentlemen,

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

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

Yours sincerely,

UNIVERSAL-INVSTMENT-GESELLSCHAFT MBH

Dr. Jäger Tamme"

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

„Dear ladies and gentlemen,

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

Axxion S.A. stock 255,356 shares

Total in circulation: 8,367,750 shares

Yours sincerely

Axxion S.A.

Sinan Narin"

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

"Dear Sir/Madam,

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

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

Highclere Interantional Investors Smaller Companies Fund,

353 Bayberry Lane, Westport; CT 06880, USA

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

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

Yours faithfully,

Fergus Gilmour

Chief Operating Officer“

"Dear Sir/Madam,

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

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

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

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

Yours faithfully,

Fergus Gilmour

Chief Operating Officer “

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

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

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

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

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

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

Mark Geitzenauer Ulrich Lind“

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

„Dear ladies and gentlemen,

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

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

Yours sincerely

LBBW Asset Management Investmentgesellschaft mbH

Corinna Krüger Carmen Teufel“

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

"Dear Fabian,

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

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

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

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

Yours sincerely,

Paul Brunsden“

E. Group relationships

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

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

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

Stuttgart, February 19, 2009

CENIT Aktiengesellschaft Systemhaus

The management board

Christian Pusch (Spokesman of the management board)	Kurt Bengel

G. Audit Opinion

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

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and the supplementary provisions in the Articles of Incorporation and Bylaws and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.”

Stuttgart/Leonberg, February 26, 2010

BDO Deutsche Warentreuhand Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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

RESPONSIBILITY STATEMENT IN THE ANNUAL FINANCIAL REPORT

(Financial Report)

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

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

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

The management board

Christian Pusch

Kurt Bengel

CORPORATE GOVERNANCE KODEX

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Stuttgart, August 2009

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

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