KOMPAKT 2008

CENIT Kennzahlen 2004 - 2008

in Mio EUR	2008	2007	2006	2005	2004
			Kapitalerhöhung		
Stückzahl Aktien	8.367.758	8.367.758	8.367.758	4.183.879	4.183.879
Umsatz	83,36	77,06	82,36	74,30	74,91
EBITDA	6,19	9,45	11,14	10,23	8,19
EBIT	4,78	8,36	10,19	9,41	7,51
Konzernergebnis	3,33	6,10	8,40	6,74	3,89
Ergebnis pro Aktie in EUR	0,40	0,73	1,00	1,61	0,93
Dividende pro Aktie in EUR	Vorschlag: keine	0,50	0,50	0,90 (inkl. Sonderdiv.)	0,30
Eigenkapitalquote in %	64,0	72,0	62,0	58,0	49,0
Mitarbeiteranzahl	721	636	576	523	466

MARKTKAPITALISIERUNG STICHTAG 31.12.2008	: 27,61 MIO. EUR
ANZAHL DER AKTIEN	: 8,3 MIO.
HANDELSVOLUMEN/TAG	: 21.646 AKTIEN
AKTIENKURS IM JAHRESDURCHSCHNITT	: 5,99 EUR
JAHRESHOCH	: 9,21 EUR
JAHRESTIEF	: 2,41 EUR

CENIT AG SYSTEMHAUS
INDUSTRIESTRASSE 52-54
D-70565 STUTTGART

PHONE: +49.711.78 25-30
FAX: +49.711.78 25-4000

NET: WWW.CENIT.DE

INVESTOR RELATIONS:
PHONE: +49.711.78 25-3185
FAX: +49.711.78 25-44-4185
E-MAIL: AKTIE@CENIT.DE

COMPACT 2008

CENIT Key Data 2004 - 2008

in EUR millions	2008	2007	2006	2005	2004
			Increase of capital		
Number of shares	8,367,758	8,367,758	8,367,758	4,183,879	4,183,879
Total Revenue	83.36	77.06	82.36	74.30	74.91
EBITDA	6.19	9.45	11.14	10.23	8.19
EBIT	4.78	8.36	10.19	9.41	7.51
Net Income	3.33	6.10	8.40	6.74	3.89
EPS in EUR	0.40	0.73	1.00	1.61	0.93
Dividend per Share in EUR	Proposal: none	0.50	0.50	0.90 (incl. extra dividend)	0.30
Equity ratio in %	64.0	72.0	62.0	58.0	49.0
Number of employees	721	636	576	523	466

MARKET CAP RECORD DATE 31.12.2008	: 27.61 MIO. EUR
TOTAL NO. OF SHARES	: 8.3 MIO.
AVG. DAILY VOLUME	: 21,646 SHARES
AVGERAGE SHARE PRICE PER ANNUM	: 5.99 EURO
HIGH	: 9.21 EURO
LOW	: 2.41 EURO

CENIT AG SYSTEMHAUS
INDUSTRIESTRASSE 52-54
D-70565 STUTTGART

PHONE: +49.711.78 25-30
FAX: +49.711.78 25-4000

NET: WWW.CENIT.DE

INVESTOR RELATIONS:
PHONE: +49.711.78 25-3185
FAX: +49.711.78 25-44-4185
E-MAIL: AKTIE@CENIT.DE

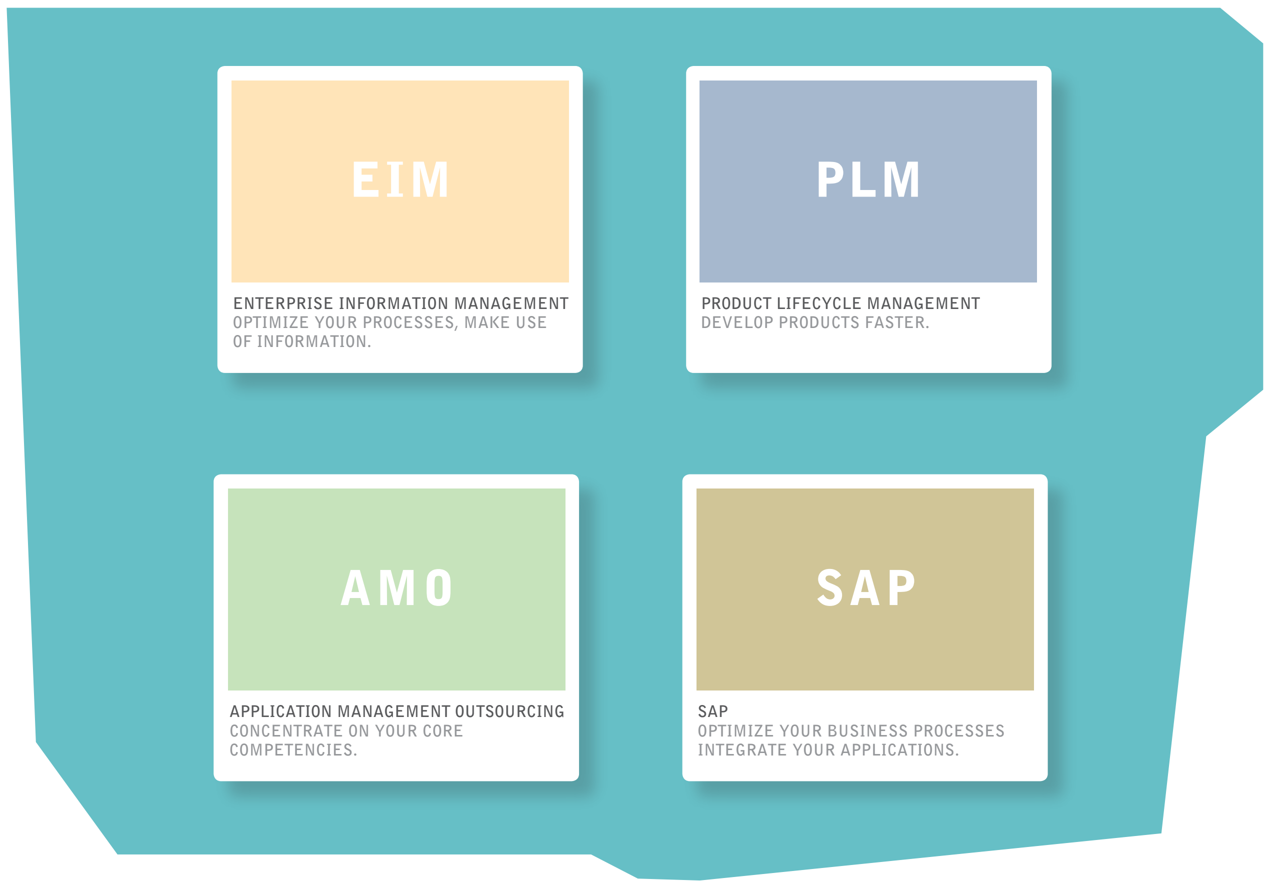
cenit.de

cenit-group.com

GROUP FINANCIAL REPORT 2008

CENIT AG SYSTEMHAUS

cenit



CENIT AG SYSTEMHAUS

GROUP FINANCIAL REPORT 2008

CENIT Financial Statement 2008

NUMBER OF SHARES: 8.367.758

KEY RATIO

in Mill. EUR	Dec. 31.2008	Dec. 31.2007
Income Statement		
Sales	83.36	77.06
Gross profit	61.10	58.44
EBITDA	6.19	9.45
Operating returns (EBIT)	4.78	8.36
EBT	5.26	8.97
Netincome of the Group	3.33	6.12
Result per share (basic) in EURO	0.40	0.73
Result per share (diluted) in EURO	0.40	0.73
Number of employees at end of period	721	636
EBIT - Margin in %	5.7	10.9
Profit - Margin in %	4.0	7.9
Structure of the balance sheet		
Equity in ratio in %	64	72
Equity	25.36	26.18
Liabilities	14.01	10.43
Balance sheet total	39.41	36.61

CENIT AG SYSTEMHAUS
INDUSTRIESTRASSE 52-54
D-70565 STUTTGART
PHONE: +49.711.78 25-30
FAX: +49.711.78 25-4000
NET: WWW.CENIT.DE

INVESTOR RELATIONS:
PHONE: +49.711.78 25-3185
FAX: +49.711.78 25-44-4185
E-MAIL: AKTIE@CENIT.DE

Imprint	
Editor	CENIT AG Systemhaus
Editorial staff	Fabian Rau, Ulrike Schmid
Concept, design and production	CNC|media. Inc. (www.cnc-media.com)
Print	Nuntius, Stutgart
Contact	Fabian Rau, Investor Relations
E-Mail	f.rau@cenit.de

CONTENT

2 PREFACE OF THE EXECUTIVE BOARD

DEAR SHAREHOLDERS, CUSTOMERS AND OTHER INTERESTED PARTIES,

Your enterprise is well positioned to cope with the worst financial and economic crisis in decades. The banking sector and the auto industry have come to embody the crisis. For months now, manufacturers and suppliers have interrupted production, factories have sent their workers on extended Christmas leave, and reports of losses by major banks have become commonplace. The media are startled and the global economy appears afflicted by a virtual shutdown. As is now universally accepted, the crisis is not limited to one country alone but rather afflicts all important markets around the globe.

So how are things at CENIT? We too did not have an easy 2008. During the year, we were hit by a slowdown in customer consumption. Many customers delayed or postponed important decisions. Nevertheless, our strong staff-building efforts are setting a trend, and that is how we intend to take on the key challenges of 2009: We want to demonstrate strength, and we plan to profit from market consolidation tendencies. The enterprise that emerges from this crisis as a winner has earned not just the investment decisions of its customers, but also those of its shareholders.

CENIT's chances of achieving this goal aren't bad. Our financial position is more solid than that of many smaller competitors. Those enterprises which have neglected to set aside sufficient cash reserves to be able to pay their debts now have no option but to borrow new funds. But at the moment, most banks are more intent on securing their own liquidity and thus offer loans – if at all – only at considerably less favourable conditions than in the past. Nor are capital market solutions likely to defuse the problem. In times like these, any enterprise that can rely on solid internal funding has a clear advantage. And the market also offers reasons for optimism. Innovation and cost leadership are becoming the supporting pillars of enterprise management. Also, our portfolio boosts our customers' innovative potential and thus offers them good opportunities for gaining an edge on their competitors. This casts our customers' focus on the right and necessary technological investments. What is important for them, and what is vital? As an example: In 2008, the automotive industry spent 18 billion Ð on research and development. This amounts to one-third of total R&D investments in Germany. At least the same amount will have to be spent in 2009 if Germany wants to be able to compete with the right products in future. CENIT not only intends to participate actively in this process, we also want to expand our business in the financial services and aerospace sectors. After all, the experts believe that during the crisis year 2009, dynamic innovative strength will be crucial for all enterprises.

Regrettably, CENIT stocks suffered massive losses in 2008, among other causes as a result of the severe lack of confidence in the financial markets. The liquidation of a number of funds and the lack of

liquidity of many institutional funds meant that CENIT stocks performed very unsatisfactorily during the course of the year. But we are not alone in this situation. Other securities also had to endure strong turbulence. Now it's vital to regain investor confidence and validate long-term investment security.

On this occasion we would like to thank all shareholders, customers and employees for their trust, and together look forward to a strong CENIT in 2009.

Your Board of Directors

Kurt Bengel *Christian Pusch*

6 REPORT OF THE SUPERVISORY BOARD

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

During the past year the Supervisory Board met in five ordinary sessions and four telephone conferences for in-depth consideration of the economic situation, the strategic future development, and the long-term positioning of CENIT Group. All members of the Supervisory Board were in attendance at each of these meetings. The Supervisory Board was newly elected at the annual shareholders' meeting on 30 May 2008; see below for further details. In our own opinion, the Supervisory Board has an appropriate number of members; the members maintain no personal or business relations with the corporation or members of the Board of Directors which could constitute a conflict of interests. Viewed against the backdrop of a difficult overall development of the economy, the enterprise strategy pursued by the Board of Directors led to a satisfactory business year 2008. The forecast operating result (EBIT) of 4 m EUR to 4.5 m EUR was attained.

An intensive and cooperative dialogue between the Supervisory Board and the Board of Directors and the resulting continual cooperation form the basis of goal-oriented planning and implementation of our activities. During the reporting period, the Supervisory Board exercised the responsibilities deriving from statutory law and the CENIT Articles of Association, namely to advise the Board of Directors in its administration of the enterprise and to supervise its business management. The Board of Directors informed the Supervisory Board regularly, in detail and in timely fashion of the development of the business and economic situation of the corporation and its subsidiaries. The Supervisory Board was directly involved in all decisions of fundamental significance to the corporation. During intersession periods, the Board of Directors additionally issued monthly reports to inform the Supervisory Board as to key business figures, and submitted matters subject to Supervisory Board approval in a timely fashion. Between sessions, the Board of Directors continually consulted with the Chairman of the Supervisory Board in a close exchange of views and information on enterprise strategy, current business developments, and risk management. In addition, the Board of Directors continually informed the Chairman of the Supervisory Board as to significant developments within the enterprise and its decision-making.

TOPICS CONSIDERED AT SUPERVISORY BOARD SESSIONS

On the basis of the reports submitted by the Board of Directors, the Supervisory Board discussed business developments significant to the corporation in detail. All measures and commercial transactions which required approval by the Supervisory Board were addressed thoroughly. Regular discussion topics were the corporation's sales, results, and employment developments, as well as the asset and financial situation. As during the previous year, the Supervisory Board did not consider it necessary to create committees in view of the small number of Supervisory Board members. Conflicts of interest on the part of Supervisory Board members did not arise during the reporting period.

FINANCIAL REPORT/AUDITS

During its balance-sheet session on 7 March 2008, which was also attended by the annual auditor/ Group annual auditor, the Supervisory Board considered the CENIT Annual Report. The Annual Report of CENIT AG Systemhaus and the Consolidated Report for the 2007 business year, as prepared by the Board of Directors, were audited by Ernst & Young AG, Stuttgart, who were selected as annual auditors at the orderly annual shareholders' meeting on 20 June 2007. The accountancy department assisted in the audit, which also referred to the status report and the appended consolidated status report. In detailed discussions with the Board of Directors and the auditor, the Supervisory Board conducted a detailed review of both the submitted Annual Report and the Consolidated 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 auditor's reports fulfil the requirements of §§ 317, 321 HGB [Commercial Code]. The Annual Reports for 2007 prepared by the Board of Directors received unconditional certification by the auditor and were conclusively discussed at this session and during a telephone conference on 18 March 2008. The 2007 Annual Report of CENIT AG Systemhaus was thereupon adopted and the 2007 Consolidated Annual Report was noted with approval.

FURTHER TOPICS CONSIDERED IN THE SESSIONS AND TELEPHONE CONFERENCES

During the course of the year, the Supervisory Board was continually informed as to periodic financial results. These figures, the 2008 Semi-annual Report, as well as the interim Quarterly Reports were discussed in detail with the Board of Directors. The clear focus of the discussions was on the results and sales forecast for 2008.

Following its constitutive session on 30 May 2008 (mentioned in greater detail below; see: Changes in Composition), the Supervisory Board addressed, among other matters, the course of business and developments at the foreign subsidiaries and participations at its ordinary session on 17 July 2008.

With respect to strategic positioning, the Supervisory Board conducted an extensive discussion of the future international development of the corporation in its sessions on 23 October and 4 December 2008. On these occasions the Supervisory Board concurred with the Board of Directors that the prime objective must be organic growth augmented by well-targeted acquisitions. In these business segments, existing customer relations should first be expanded and new customers acquired in the target sectors financial services and manufacturing industry. International growth is to be pushed ahead particularly in countries in which CENIT already maintains a local representation, focal points being France and the US. The growth strategy aims to achieve a targeted expansion of the customer base in the financial services sector and the manufacturing industry. In Germany and France, particular efforts should be undertaken to address enterprises from the manufacturing and aerospace sectors. The software segment will strive to achieve organic growth through CENIT products. The international expansion of this business field will be leveraged in cooperation with partners. Against the backdrop of increasingly complex compliance requirements and the resulting dynamic growth of the market for enterprise content management, our software products offer attractive potential for growth. Our PLM products for virtual manufacturing also promise sufficient potential in both the automotive and the aerospace industry. We share the Board of Directors' view that great significance attaches to CENIT's proprietary software despite its comparatively low business volume during the current market difficulties.

The last ordinary session of 2008 focused primarily on CENIT's planning for 2009. A close review was undertaken of the individual business fields against the background of radically changing economic framework conditions.

RISK MANAGEMENT

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

CORPORATE GOVERNANCE

The Supervisory Board is 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 continuing development of the 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 the corporation's governance. A corporate ethic of responsible and lawful behaviour at all times, and the awareness that this ethic is of fundamental importance for the enterprise, are well entrenched at CENIT and within its managing bodies. In their Corporate Governance Report, the Board of Directors 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 on 4 December 2008, the Supervisory Board issued its 2008 Declaration of Conformity in accordance with § 161 AktG [Public Companies Act] under the German Corporate Governance Code, as amended on 6 June 2008, and has made it permanently available to shareholders on the CENIT website.

CHANGES IN COMPOSITION

Elections for the new Supervisory Board were held at the annual shareholders' meeting on 30 May 2008. At the Supervisory Board's subsequent first constitutive session, Mr. Andreas Schmidt was appointed as new Chairman. Mr. Hubert Leypoldt remains Vice Chairman. Department Head Mr. Andreas Karrer was elected by CENIT staff as employee representative on the Supervisory Board.

The administration thanks outgoing Supervisory Board members Mr. Falk Engelmann and Dr. Dirk Lippold for their years of dedicated service in the interest of CENIT's development, and for the fulfilment of their statutory obligations as a control authority at CENIT AG. At their own wish, both members chose not to seek a further mandate, having already sat on the Board since 2002 (Mr. Engelmann), and since 1998 (Dr. Lippold).

ANNUAL AND CONSOLIDATED STATEMENTS OF ACCOUNT FOR 2008

Bookkeeping, the Annual Report together with the status report for the 2008 business year, as well as the Consolidated Annual Report incl. commentary, and the Group status report for 2008 were audited by Ernst & Young AG, Stuttgart, who were selected as annual auditors and Group annual auditors at the annual shareholders' meeting on 30 May 2008. In accordance with its mandate, the Supervisory Board reviewed the qualification, independence and efficiency of the auditor.

The auditor unconditionally certified the CENIT Annual Report and the Consolidated Annual Report for 2008. The Annual Report of CENIT AG Systemhaus was prepared in accordance with the principles of commercial law; the Consolidated 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 and on time. The Supervisory Board discussed the submitted documents and the auditor's reports in detail with the Board of Directors and the auditor so as to be satisfied of their correctness; the Supervisory Board is satisfied that the audit reports for 2008 fulfil the statutory requirements.

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

At the Annual Report session on 6 March 2009, the auditor reported on the key results of the audits and was available to provide 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.

In a conference call on 16 March 2009, the Supervisory Board endorsed the Annual Report prepared by the Board of Directors for CENIT AG Systemhaus for the 2008 business year, and thereby issued approval in accordance with § 172 Aktiengesetz. Also on 16 March 2009, the Supervisory Board approved the Consolidated Annual Report for the 2008 business year.

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

We thank the Board of Directors and all employees for their work during the past year.

Stuttgart, March 2009

For the Supervisory Board

A. Schmidt

Dipl.-Ing. Andreas Schmidt
Vorsitzender des Aufsichtsrats

CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, STUTTGART

GROUP MANAGEMENT REPORT FOR FISCAL YEAR 2008

OVERALL ECONOMIC CONDITIONS

The economic climate is heading towards another low. All of the data indicates a global recession according to the Ifo-Institut (Institute for Economic Research in Munich). The Institut also announced that the global economy fell to its lowest point for 20 years in the fourth quarter.

The assessment of the current situation in particular has worsened considerably, but a recovery is also not expected within the next six months.

The economic downturn is not limited to the major economic areas of North America, western Europe or Asia. Pessimism has also spread to central and eastern Europe, Russia, Latin America and Japan. The appraisal of the situation in western Europe has deteriorated, particularly in Spain, Italy, Belgium and Ireland.

However, there is a ray of hope in the US. Although a survey of experts gave a worse assessment of the current situation than in the summer, expectations for the next six months have improved.

According to the institute, economic stimulus packages are needed to reverse the trend and must be supported by monetary policy, with specific reference made to the head of the US Federal Reserve Ben Bernanke.

In its monthly report, the German Central Bank (Bundesbank) also sees the final quarter of 2008 as "again dampened discernibly". According to the report, "the full negative impact" of the crisis in the financial markets and the downturn in the real economy will become apparent in 2009.

The German federal government believes that the German economy will shrink by 2.25% in 2009. This would be the sharpest drop in the republic's history. Its annual economic report also forecasts falling exports and rising unemployment.

CONDITIONS IN THE INDUSTRY - IT

Global demand for information technology (IT) is on the rise despite the general economic difficulties. According to the latest data from the EITO market research institute (European Information Tech-nology Observatory), the worldwide IT market grew at an anticipated provisional rate of 5.2% to EUR 963.5 billion in 2008. The emerging economies of China, India and Russia are booming, with growth rates of between 17% and 18%. BITKOM (the German Association for Information Technology, Telecommunications and New Media) also sees little impact on hi-tech sales due to the worldwide economic slowdown. Fears that the international financial crisis and soaring prices of raw materials could severely hamper investment in IT have so far proved unfounded. EITO anticipates growth of 5.6% on the international IT market in 2009. This could push global sales of computers, software and IT services over the one billion euro mark for the first time. The three main global sales markets underwent extremely rapid development in the past year. IT sales in the European Union grew 4.2% to EUR 311.1 billion in 2008. This growth was driven by new member states such as Poland, the Czech Republic and Romania, who still have ground to make up in terms of developing their IT infrastructure. In the coming year, growth within the EU is expected to remain relatively unchanged at 4.1%. According to the EITO forecast, the Japanese market grew 4.0% to EUR 127.7 billion in 2008. Even in the US, 2008 saw IT sales climb 3.7% to EUR 345 billion.

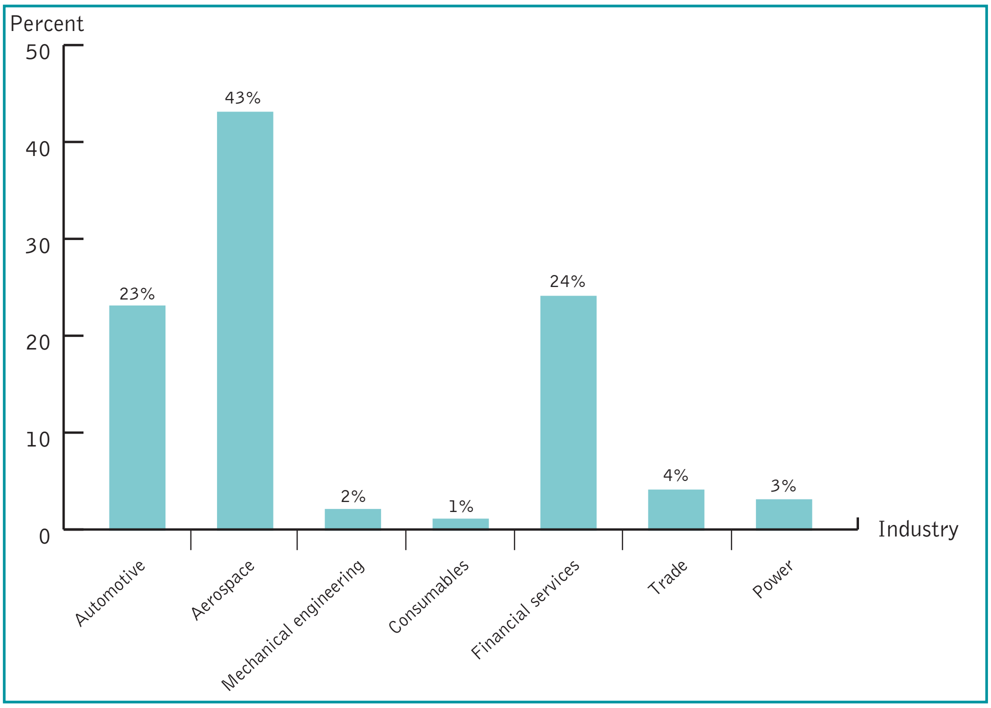
EITO expects the US market to really pick up in 2009, with growth of 4.4% to EUR 360 billion. The global IT market will be buoyed in particular by increased spending on software and IT services in 2009. This is also supported by the assessment of the IDG UK market research institute, which sees the automotive industry in particular as being in need of action and investment as a result of the recession. What measures make sense for IT in connection with a cost-cutting strategy, and which do not? Pressure from the market is also pushing more and more OEMs and suppliers into mergers. How can different IT environments be consolidated as quickly and successfully as possible? Where is the right balance between standardization and made-to-measure? OEMs' and their suppliers' processes are becoming increasingly integrated, and the importance of the supplier is growing not just in terms of value added as a result. In spite of the existence of established standards, intercompany IT processes must be designed to be more efficient in this area in future. What part can or must IT play in this regard? How can an IT organization structure itself for the corresponding development, manufacturing and sales processes? IT consultants and software suppliers could resolve such issues and problems. In the opinion of IDG's market researchers, IT service providers stand to benefit in 2009 if their portfolio can answer such questions.

RESULTS FOR THE YEAR

Revenue of the CENIT Group by target group / industry Fig. A

REVENUE OF THE CENIT GROUP BY TARGET GROUP / INDUSTRY

Fig. A



RESULT OF THE CENIT GROUP'S OPERATIONS

In the fiscal year 2008, the CENIT Group recorded revenue of EUR 83.4 million (2007: EUR 77.1 million, representing an 8% increase). Gross profit came to EUR 61.1 million (prior year: EUR 58.4 million, a 5% increase). EBITDA came to EUR 6.2 million (2007: EUR 9.5 million representing a fall of 35%). The operating result before interest and taxes (EBIT) fell by 43% in the period under review from EUR 8.4 million to EUR 4.8 million. 2008 closed with earnings before taxes of EUR 5.3 million (2007: EUR 9 million, a fall of EUR – 41%) and Group earnings per share of EUR 0.40 (2007: EUR 0.73).

Due to the general state of the world's economy, a considerable slowdown in investment was already becoming apparent among our customers halfway through 2008 Major orders in the field of software and services were not issued by customers at the scheduled times. After signing the biggest order in CENIT AG's history with EADS in May, the start date of this service engagement was postponed until July 2008. Our business took off in the second half of the year accordingly.

CENIT AKTIENGESELLSCHAFT SYSTEMSHAUS, STUTTGART, GERMANY

The parent company, CENIT AG, generated revenue of EUR 75.6 million in fiscal 2008 (2007: EUR 71.2 million). Revenue from third-party software rose significantly. This was due to the transition of our partner Dassault Systèmes from a commission-based business model to a value-added reseller partnership. Revenue from CENIT's own software fell short of expectations.

Cenit (SCHWEIZ) AG, FRAUENFELD/SCHWEIZ

Cenit (Schweiz) AG generated revenue of EUR 4.9 million in the past fiscal year (2007: EUR 3.9 million) and EBIT of EUR 2.4 million (2007: EUR 2.2 million).

CENIT NORTH AMERICA INC., AUBURN HILLS/USA

CENIT North America Inc. generated revenue of EUR 6.1 million (2007: EUR 5.9 million) and EBIT of EUR -0.1 million (2007: EUR 0.5 million).

CENIT SRL, IASI/RUMÄNIEN

CENIT SRL generated revenue of EUR 0.7 million (2007: EUR 0.4 million) and EBIT of EUR 0.2 million (2007: EUR 0.06 million).

CENIT FRANCE SARL, TOULOUSE/FRANKREICH

CENIT founded a subsidiary in France in fiscal 2007. This is still in the start-up phase, and primarily serves our customer EADS Airbus in Toulouse. CENIT France SARL generated revenue of EUR 0.3 million (2007: EUR 0.06 million) and EBIT of EUR 23 k (2007: EUR – 3 k).

CAD SCHEFFLER GMBH, OELSNITZ

On 27 December 2007, CENIT AG successfully acquired CAD Scheffler GmbH, which was then incorporated into the Group on 1 January 2008. As a PLM system solution provider, CAD Scheffler GmbH, with registered offices near Chemnitz, specializes in Dassault Systèmes' PLM product CATIA, and has supported our position at the top of the PLM consulting and software market at a national and international level since 2008. In 2008, CAD Scheffler generated around EUR 2.4 million of revenue and EBIT of EUR 0.3 million.

COMPOSITION OF CENIT'S REVENUE BY BUSINESS UNIT

It should be noted that more than 90% of the CENIT Group's revenue is generated in German-speaking countries, with the rest distributed among subsidiaries' core regions in Europe and the US. See Fig. B

PROPOSED DIVIDEND

The management board and supervisory board will propose waiving the distribution of a dividend to the annual general meeting on 29 May 2009, in the interest of safeguarding liquidity and financial autonomy. This would place the Company's financing on a sustainable, solid foundation despite the challenging conditions resulting from the global economic crisis. Existing liquidity should enable the CENIT Group to benefit from future growth in the aforementioned markets if this serves the interests of the Company and its shareholders.

This includes expanding service and software activities in the aerospace industry, for example. Capital is also required, however, to further develop technology in connection with new fields and software development. One key competitive advantage is investment in the training of our employees. Their expertise in the highly complex issues faced by our customers is the foundation of the CENIT Group's success, and must therefore be maintained.

As a consequence, our financial strategy will remain focused on ensuring good long-term credit ratings. The main objective of CENIT's financial management is to ensure sufficient liquidity in the short and medium term. After all, the healthy state of the CENIT Group's finances is also a crucial advantage in the competition for contracts, as it gives customers the necessary confidence to choose the CENIT Group's services when making investment decisions. We intend to return to our dividend policy of many years as soon as the economy improves.

INCOMING ORDERS

The order intake at the CENIT Group amounted to EUR 105 million in fiscal year 2008 (2007: EUR 79.6 million). The order backlog as of 31 December 2008 amounted to EUR 30.2 million (2007: EUR 16.9 million).

Fig. B COMPOSITION OF CENIT'S REVENUE BY BUSINESS UNIT

EUR million	2008	2007	Change in %
PLM	57,955	48,551	19%
EIM	25,402	28,507	-11%
Total	83,357	77,058	8%

NET ASSETS AND FINANCIAL POSITION

The CENIT Group's conservative financial policy in recent years is now paying off. The Group's net assets are secure and stable. Equity amounts to EUR 25.4 million as of the balance sheet date (2007: EUR 26.2 million). As of the balance sheet date, bank balances and securities classified as current assets came to EUR 13.2 million (2007: EUR 18.3 million). Apart from its cash and cash equivalents, the Group still has sufficient overdraft facilities at its disposal. Trade payables and receivables reflect the course of business. This financial autonomy allows internal financing in line with the development of business, which constitutes a competitive advantage for the CENIT Group in light of future restrictions on credit and provides our customers with the requisite confidence to invest.

CORPORATE GOVERNANCE

Performance indicators allow the recording and transparent reporting of a business' economic performance. Above all, however, they are an important tool for planning, managing and monitoring a company's activities. In pursuit of its strategic objectives, the CENIT Group began amending its management tools at an early stage.

In addition to our corporate governance system giving us the strength to face increasing competition, it also creates similar competitive conditions internally for all business units, and optimizes the basis for making decisions on the most efficient use of capital. The corporate governance system already provides management with crucial input. We want to develop it further in order to safeguard the performance of our Company. This method strives to constantly increase the sustainable value of the Company by concentrating on its business units. The most important performance indicators are gross profit, EBIT and incoming orders. These figures are calculated every month and evaluated using variance analysis.

FINANCING

The positive financial situation allows the CENIT Group to fund itself from its own resources in the long term. There are no liabilities to banks, either short-term or long-term. Credit lines that have been granted are not currently being used. Any cash and cash equivalents not needed to fund day-to-day operations are invested for the short term. Investment in property, plant and equipment and financial assets was funded in full from the Company's own resources in the year under review.

SECURING LIQUIDITY

In addition to the cash flow projections for a planning period extending a number of years into the future, the CENIT Group also makes use of monthly cash flow projections. Any liquidity surplus is purposely used for the financing of projects, software development, investments and the expansion of national companies.

RATING

CENIT AG has been granted an extremely positive internal rating by its principal banks: Deutsche Bank, Commerzbank and LBBW. No ratings have been issued by rating agencies such as Moody's or Standard & Poor's.

FOREX MANAGEMENT

The high instability of the foreign exchange markets in 2008 and consequent uncertainty regarding the development of the exchange rate were monitored and managed in 2008 with suitable currency management policy. Our forex management regime prescribes the active monitoring of exchange rates in order to prevent exchange rate losses. Among other things, the business activities of the CENIT Group involve payments in USD and CHF. This exposes the Group 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 market and guarantees prompt reaction.

RISK REPORT

Our business policy is aimed at constantly improving our performance and earning power while taking advantage of the opportunities that competition presents. All business activity involves a certain amount of risk by its very nature, however. The purpose of risk management at our Company is to recognize such risks at an early stage, monitor them and introduce both preventive and limiting measures.

CENIT AG's management board has instituted a systematic and efficient risk management system at group companies. Operative risk management involves early detection, long-term management and communication of risks. Risk reporting means that the heads of business units must constantly keep the management board informed of 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 at 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.

The CENIT Group is well positioned in its target markets. The Group has a strong market position in product lifecycle management, enterprise information management and application management outsourcing among medium-sized and large customers. The Group's risk policy is based on the concept of using existing opportunities to the full and only entering into the risks associated with the business activities if the opportunities for creating corresponding added value outweigh the risks.

The Group 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 of the Group is a component of corporate governance and reports directly to the management board.

Risk management 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 Group's risk situation.

The receivables portfolio may bear risks with respect to the recoverability of the receivables. The Group is dealing with such risks by ensuring strict receivables management, credit ratings and the classification of risks at an early stage. The CENIT Group is not dependent on financing by business banks. CENIT AG had credit lines with a value of EUR 2.4 million at its disposal in Germany in 2008. Credit lines were not issued or needed for the subsidiaries in the US, Switzerland, France and Romania.

In order to safeguard and reinforce the skills and commitment of management, the CENIT Group 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.

2008 was a successful year for CENIT AG on the labor market for IT specialists, with a 13% increase in the workforce as of year-end. The CENIT Group was able to attract specialists with many years of experience in all of its business units. There are entrepreneurial risks associated with the expansion of business in the USA. As the expansion is due to organic growth, these risks remain both manageable and controllable.

RISK MANAGEMENT AT THE CENIT GROUP WITH REGARD TO IT SECURITY

One of the Group's chief concerns is IT security and the constant monitoring thereof. This enables the CENIT Group to determine the values that are most important to the CENIT Group itself and its customers, and therefore require the most attention and highest level of security with regard to specified security targets, measures and monitoring. Other values are accorded less significance. 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 the CENIT Group 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 Group plans to do this by expanding its own selling and consulting know-how and by entering into strategic alliances. Two-thirds of the CENIT Group's customers are in the manufacturing sector. The economic cycle of the manufacturing sector could have an impact on the business development of the CENIT Group.

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, the CENIT Group 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 Group and that no such risks are foreseeable at present for the future. Furthermore, as of the balance sheet date there were no risks that could have a significant effect on our net assets, financial position, or results of operations. The strategic risk management and early warning system implemented in accordance with the requirements of KonTraG ["Gesetz zur Kontrolle und Transparenz im Unternehmensbereich": 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 the Group 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 less subject to risk. In general, risks for the CENIT Group are limited, manageable and do not jeopardize the Group's ability to continue as a going concern. Nor are there any risks discernable which may pose a threat to the Group's continuing existence in future.

CAPITAL EXPENDITURES

The Group's capital expenditure on property, plant and equipment and intangible assets amounted to EUR 1.3 million (2007: EUR 1.5 million). The majority of capital expenditure related to replacement investments in technical infrastructure and equipment, furniture and fixtures.

Depreciation and amortization increased to EUR 1.4 million (prior year: EUR 1.1 million).

Capital expenditure (intangible assets and property, plant and equipment) of the CENIT Group by segment: see Fig. C

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. The CENIT Group 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 co-operate 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. Expenses for merchandise and purchased services amounted to EUR 23.3 million in 2008 (2007: EUR 19.2 million). The value of inventories and the amount of capital tied up in inventories is kept at a low level of EUR 0.7 million as of the balance sheet date (2007: EUR 0.5 million) due to the strategy of only procuring goods and services in relation to projects. This allows us to react flexibly to market needs. The risk of obsolescent inventories is low.

QUALITY ASSURANCE

More than anything, the success of our Company depends on meeting and exceeding the needs of our customers. 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 customer or working on site at the customer's premises, we want to improve the efficiency of the functions 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.

Fig. C CAPITAL EXPENDITURE (INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT) OF THE CENIT GROUP

in EUR k	2008	2007
Germany	1,160	1,393
USA	71	50
Switzerland	17	10
Romania	16	50
France	0	0
Total	1,264	1,503

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 work out the detailed goals for the coming year and the next three years to be used as an orientation. The annual goals are broken down into individual goals for each employee. 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 management 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 required actions and those responsible for their realization are documented in the report.

The CENIT Group has developed rules for its quality management system in its management manual. These comply with ISO 9001:2000. Moreover, the Group 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 Group must observe and comply with.

The employees of CENIT AG 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 Group places a high value on open dialog.

A second systems audit was conducted in 2008 by an independent team from Deutsche Gesellschaft zur Zertifizierung von Managementsystemen (DQS). The audit was successful and CENIT AG was awarded the DIN EN ISO 9001:2000 certification.

In 2006, 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. A follow-up audit was conducted in the summer of 2008 with equal success.

EMPLOYEES

The number of Group employees was 721 as of 31 December 2008 (2007: 636). A pleasing increase of 13% despite a shortage of specialists. The headcount is as follows: see Fig. D

The Group's personnel expenses came to EUR 38.8 million in the period under review (2007: EUR 34.7 million, a rise of 12%).

The average age of staff was 38. More than 75% of the employees have attended higher education. Employee turnover amounted to 10% (11% in 2007). We once again recorded a very low number of sick days.

The CENIT Group 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 2008, the CENIT Group trained a total of 67 young people in Germany in several vocations. This constitutes a ratio of trainees to employees of 10%.

FUTURE PROSPECTS THROUGH 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, the CENIT Group 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 SYSTEM / PARTICIPATION IN COMPANY PERFORMANCE

In addition to performance-related promotion opportunities and the early assignment of responsibility, the CENIT Group 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 Group's earnings and share price. By issuing stock options to selected management personnel, a further tool has been added to the Group's performance-related remuneration policy.

The remuneration of CENIT AG's management board consists of both fixed and performance-related components. We refer in this regard to the information in the notes to the consolidated financial statements. 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

The CENIT Group focuses on consulting and implementing standard software from leading manufacturers. Products developed by the Group itself are made to supplement standard software, e.g. for special customer requirements. Besides adjusting standard software, the CENIT Group develops 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 CATIA PLM software, 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.

PROGRESS OF CENIT AG'S SHARES ON THE FINANCIAL MARKETS

The crisis on the financial markets exploded in 2008. Stock markets throughout the world lost an estimated EUR 21.5 trillion in market capitalization. The DAX fell by more than 40%, the (mid-cap) MDAX by more than 43%, the TecDAX for technology stock by as much as 48%; and the most severe loss was suffered by the Entry Standard, with a loss of 51.36%. Not since 2002 has the situation in Germany been this bad. The Dow Jones, S+P 500 and Nasdaq indices lost more than 33%, 38% and

Fig. D MITARBEITER/INNEN

	Employees as of 31 Dec. 2008	Employees as of 31 Dec. 2007	Absolute change	in %
CENIT AG	635	586	49	+8%
CAD Scheffler	21	-	21	Acquisition
USA	32	25	7	+28%
Switzerland	6	5	1	+/- 0%
France	4	1	3	+300%
Romania	23	19	4	+21%
CENIT Group	721	636	85	+13%

40% in value respectively. The exceptionally poor financial situation led to unexpected changes in the financial sector. The collapse of Lehman Brothers on 15 September 2008 was held up by the US government as an example, with grave consequences for the financial industry across the globe. The credit crunch worsened and spread, to the automotive industry in particular. Only government guarantees reaching into the trillions and drastic interest rate cuts by central banks acting in concert were able to prevent the collapse of the international banking system and the world economy. Many countries are now experiencing recession, including the US, Japan and Germany, in addition to various other European countries. However, there is hope that much of the collapse has already been factored into share prices, company profits will reflect this and the recession will not last too long.

The CENIT AG share price started the year at EUR 9.16 and closed the year at approx. EUR 3.30. The average trading volume over the past 52 weeks was 21,646 shares per day (2007: 23,500 shares). The average share price of CENIT AG for the year 2008 was EUR 5.99. CENIT AG's share price peaked for the year at EUR 9.21, while the lowest value recorded in the course of the year was EUR 2.41. Overall, more than 5,498,057 shares were traded, so it can be safely assumed that the composition of CENIT AG's shareholders has changed. 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:

The following investors held a share subject to reporting requirements:

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

According to strategists' forecasts, stock markets could recover in the second half of 2009. However, a corner may only be turned on the stock exchanges once the credit markets have stabilized. This looks unlikely at the moment, but the main scenario prepared by LBBW Credit Research places the nadir of the crisis somewhere in early 2009. The ensuing calming of the credit markets could then restore confidence in shares.

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

As per the most recent entry in the commercial register on 14 August 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.

AUTHORIZED CAPITAL

The management board was authorized by the annual general meeting in 2006, with the consent of the supervisory board, to increase the share capital of the Company once or in several installments by a total amount of up to EUR 4,183,879.00 (authorized capital) up until 13 June 2011, by issuing up to 4,183,879 new no-par value bearer shares in return for contributions in cash or in kind. For further information, we refer to the disclosures in the notes to the consolidated financial statements.

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

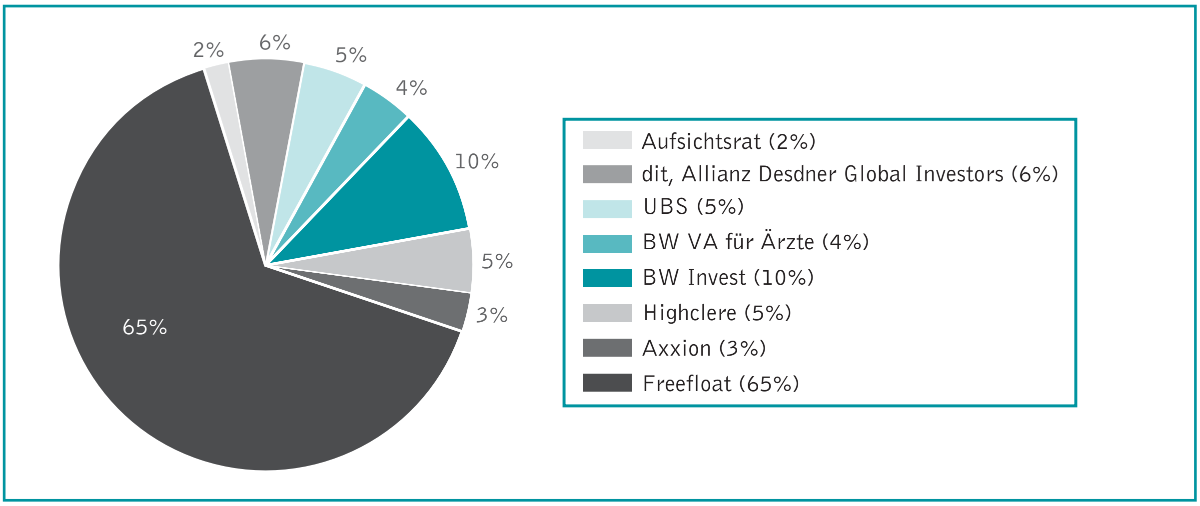
AUTHORIZATION TO ACQUIRE TREASURY SHARES

The management board was authorized by the resolution passed by the annual general meeting on 20 June 2007 to acquire up to a total of 10% of share capital in the form of treasury shares, at one time or in several stages, with the consent of the supervisory board and until 30 November 2008. This authorization was extended as follows:

The management board was authorized by the annual general meeting of 30 May 2008 to acquire treasury shares (common shares) in the Company in the interest of redeeming them for the Company, at one

DISTRIBUTION OF SHARES AMONG SHAREHOLDERS AS OF 31 DECEMBER 2008:

Fig. E Source: CENIT Aktiengesellschaft Systemhaus, Stuttgart



time or in several stages, with the consent of the supervisory board and until 30 November 2009, superseding the authorization to acquire treasury shares dated 20 June 2007. 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 of reselling them for the Company, at one time or in several stages, with the consent of the supervisory board and until 30 November 2009. In the event of resale, which requires the consent of the supervisory board, the management board is authorized to take the following actions:

- Resell on the stock market, subject to Sec. 71 (1) No. 8 Sentence 2 AktG

- Give as a consideration in return for the acquisition of companies or equity investments in companies, if the purpose of the target company essentially falls under the Company's objective pursuant to Art. 2 (1) of the articles of incorporation and bylaws. In doing so, the management board may preclude a subscription right on the part of the shareholders with the consent of the supervisory board. The unit price at which the shares are sold (excluding incidental selling costs) may not fall significantly short of the average market price of the Company's common shares on the Frankfurt stock exchange during the five days prior to the conclusion of a contract on the acquisition of a company or an equity investment in a company, calculated on the basis of the arithmetic mean of the closing price of the Company's common shares on the XETRA platform (or a functionally comparable successor system taking the place of the XETRA system).

On account of the authorization, treasury shares representing no more than 10% of the Company's current capital stock may be acquired alongside other company shares that the Company has already acquired and still owns. The transaction value of a share (excluding incidental acquisition costs) may not differ from the market rate by more than 10% in either direction. The authoritative market rate is the average price of the Company's common shares on the Frankfurt stock exchange during the five days prior to the acquisition of the shares, calculated on the basis of the arithmetic mean of the closing price of the Company's common shares on the XETRA platform (or a functionally comparable successor system

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

Company	Reported on	Number of shares	Percent
Highclere International	13 Nov. 2008	436,268	5.21
DIT Allianz Global Investors	6 Mar. 2006	503,338	6.02
UBS	7 Dec. 2006	424,245	5.07
Axxion	7 Oct. 2008	255,356	3.05
BW Invest	9 Aug. 2007	836,412	9.99
Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte	21 Feb. 2007	330,000	3.94

taking the place of the XETRA system). In the event of redemption, the supervisory board is authorized to amend the wording of the articles of incorporation and bylaws to reflect the reduction of capital.

No other agreements have been made, such as change of control agreements.

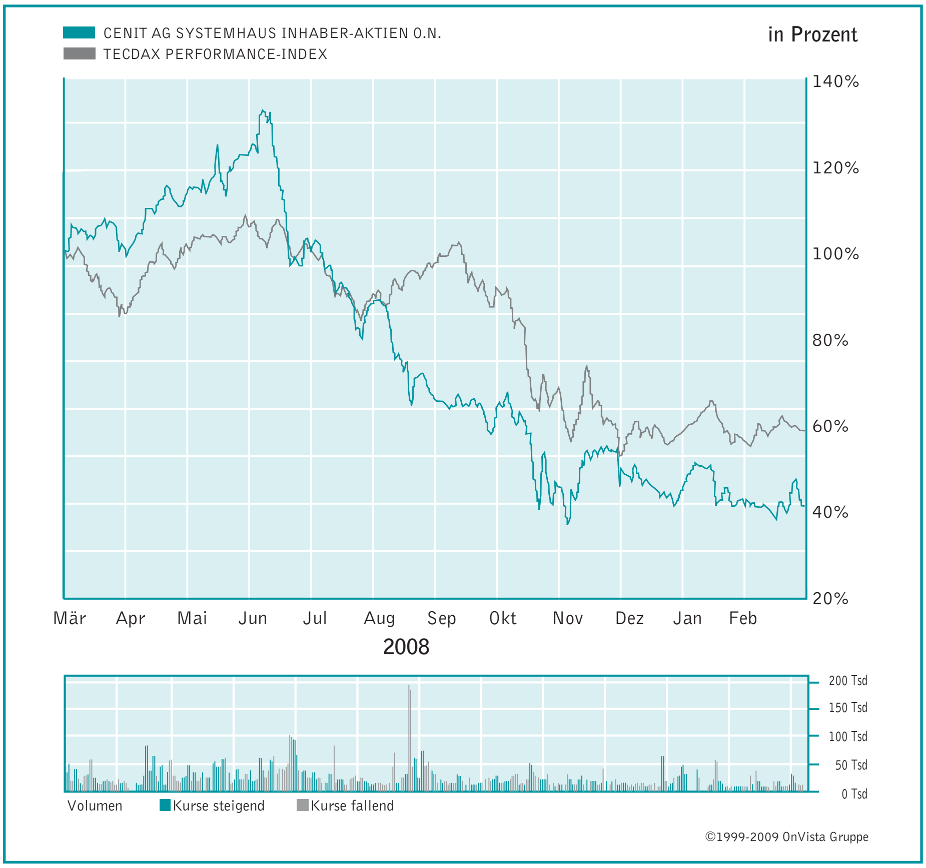
We have no information from shareholders with a share of voting rights greater than 10%.

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

The Company's management board must have a minimum of two members. The number of members and any deputies is set by the supervisory board. Members of the management board are appointed and dismissed by the supervisory board. No HR committee has been assembled. The members of the management board are appointed for a maximum term of five years. Repeat appointment or extension of the term of office is allowed. The supervisory board has decision-making authority with regard to the number of management board members (at least two members according to articles of incorporation

DEVELOPMENT OF THE SHARE PRICE IN 2008

Source: CENIT Aktiengesellschaft Systemhaus, Stuttgart Fig. G



and bylaws), as well as the amendment or termination of their employment contracts.

Our Company now regularly has more than 500 employees. This means that the provisions of Sec. 101 (1) AktG ["Aktiengesetz": German Stock Corporation Act] apply to the make-up of the supervisory board in conjunction with Sec. 4 (1) and Sec. 1 (1) No. 1 DrittelbG ["Drittelbeteiligungsgesetz": German Act for One-third Representation of Employees on Supervisory Boards]. These stipulate that at least one-third of the supervisory board of our Company must consist of employee representatives. The provisions in the articles of incorporation and bylaws were therefore amended in line with statutory provisions, by resolution of the annual general meeting of 30 May 2008 passed by simple majority pursuant to Sec. 97 (2) Sentence 4 AktG.

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

There was no agreement in 2008 on compensation for members of the management board in the event of a takeover bid.

The supervisory board is entitled to agree on amendments and supplements to the articles of incorporation and bylaws that only relate to the wording.

RESOLUTIONS BY THE ANNUAL GENERAL MEETING

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

POSITIONING OF THE CENIT GROUP

The CENIT Group is involved in product lifecycle management (PLM) with Dassault Systèmes and SAP PLM solutions, operates in the market for enterprise information management (EIM) solutions and performs application management outsourcing (AMO) services. With its full range of services, the Group offers customers important added value with regard to innovation and process optimization. We are the specialists 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's own solutions with the standard products of our software partners on which those solutions are based. Our partners include leading software providers. We also aim for market leadership in those partners' product environments. The CENIT Group's employees are well versed in the processes and technologies of the target industries, and are therefore able to provide our customers with industrytailored support for the planning, optimization and implementation of their business and IT processes.

The CENIT Group also takes care of managing the applications and corresponding IT infrastructures so that our customers can concentrate on their core competencies.

Our overarching goal is to improve our profitability while achieving sustainable growth in revenue.

PORTFOLIO OF THE BUSINESS UNITS

Our CENIT Dassault Systèmes PLM consulting, service and software portfolio comprises Dassault Systèmes' standard products and solutions developed by CENIT. Our employees are well versed in the processes and technologies of individual sectors, and help our customers in the manufacturing industry to optimize their digital product development and production.

In the field of enterprise information management, the CENIT Group with its service, consulting and software portfolio aimed at financial service providers is the specialist in IT-based management of company documents and information for our customers' core processes. This portfolio brings about significant improvements to our customers' processes.

We take care of managing the applications and the corresponding IT infrastructures in order to ensure they are available at all times so that our customers from the financial services sector and manufacturing industry can concentrate on their core competencies.

In connection with SAP PLM, we also optimize the product creation process of companies in the manufacturing industry by supplying product data with controlled quality and in a suitable format to all process participants throughout the world. We achieve this process optimization by seamlessly adding our own products to SAP corporate solutions, and then applying these solutions to business processes as part of our standardized PLM implementation methodology.

FORECAST FOR 2009 AND 2010

The international economic crisis will have a severe impact on the course of the economy in 2009. Market analysts expect world GDP to grow less than 3% in 2009, down from 3.7% in 2008. The IMF (International Monetary Fund) refers to a recession if global growth falls below 3%. The extent to which the rescue packages introduced by the US and European governments in October 2008 will shore up the financial markets is impossible to predict at this time. If one believes the economic analysts, world economic growth could pick up again in 2010.

A variety of market analysts and economists see the current situation the same: the crisis in the financial and mortgage markets combined with a fall in momentum on the labor market will impact private consumption. Exports, which until now had been a pillar of the economy, will falter due to the weakness of the global economy and the resurgence of the US dollar. The economic prospects for the euro zone in 2009 have also worsened considerably. The financial crisis is dragging down consumption and investment. A lack of consumer confidence and reduced momentum on the labor markets are impacting private consumption. Exports will at best see moderate growth in 2009. In Germany, corporate investment will fall due to the downturn in the industrial economy. The German federal government expects the German economy to shrink 2.25% this year. This already takes into account the federal government's economic stimulus package, according to the annual economic report for 2008 published by the Federal Ministry of Economics in January 2009. The federal government does, however, see light at the end of the tunnel. It is forecasting an end to the economic downturn in Germany this spring. GDP could climb quarter on quarter some time between April and June, for the first time in a year. The government also forecasts slight growth for the third and fourth quarters.

PROSPECTS IN SIGNIFICANT SALES MARKETS

Uncertainty with regard to development in important sales markets has risen considerably in the wake of the international economic crisis. The problems of the financial sector are having a tangible impact on the real economy. Automotive unit sales fell sharply in the fourth quarter of 2008 in Germany and Europe. Even if the crisis turns out to be more severe than in the 1990s, there is a chance that the traditional innovative prowess of European OEMs will enable them to close the gap with Japanese competitors, or even take the lead. Fuel-efficient engines, hybrid drives and electric drive systems are the key words in this respect. The right models and products require investment in research and development in order to remain competitive. In 2008 alone, more than EUR 18 billion was invested in this field. It is to be assumed that the figure for 2009 will be comparable.

There will be streamlining and consolidation in the financial services markets, for example the harmonization of the IT landscape and professionalization of the banks, and insurance processes offer ample room for improvement. It is also assumed with regard to mechanical engineering that despite stagnation, levels of growth will remain stable.

EXPECTED RESULTS OF OPERATIONS

We anticipate stable revenue and earnings for fiscal 2009. However, increasing uncertainty in the financial markets and real economy prevents quantifiable forecasts. We will make more specific statements on the ongoing fiscal year in our quarterly reports.

For 2010/2011, we expect the world economy to recover from the current recessionary phase and experience renewed, albeit moderate growth. Provided ongoing economic woes do not hamper our business, we aim to return to our long-term course of growth in 2010/2011, and anticipate an upturn in revenue and earnings.

Against the backdrop of the global economic crisis, the CENIT Group's priority is on safeguarding financial autonomy. Using a proactive strategy that requires the acquisition of new customers and the utilization of market opportunities as well as the expansion of the portfolio that is a requirement for technology companies, we want to successfully position and strengthen the Company in the coming months.

EMPLOYEES

We plan to increase the workforce in 2009 if the situation on the market and project-related business allow. The number of positions could increase again in the following year. The growth of 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 expenses for innovation in fiscal 2009 will be comparable to prior years. A similar figure is anticipated for the following year.

ANTICIPATED FINANCIAL AND LIQUIDITY POSITION

Financing is secure, despite the challenging conditions due to the worldwide financial crisis. The fundamental factors in the balance sheet of the CENIT Group continue to provide the Group with stability and the necessary impetus to freely invest in those growth markets that are relevant to the Group, even in light of the anticipated economic conditions. 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. 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 integration of CAD Scheffler was successfully completed in 2008, and will make a positive contribution to the result of the Company in the coming years.

Our joint venture, established for our major joint client EADS and operating under the name CenProCS AIRliance GmbH, has met our expectations and will continue to play an important role in the next few years. Together with CS Communication & Systèmes, Paris, France and Prostep AG, Darmstadt, CENIT AG is in a position to play a decisive role in major projects for EADS as investor of the joint venture.

SUBSEQUENT EVENTS

No significant events occurred after the balance sheet date.

Stuttgart, March 2009

CENIT Aktiengesellschaft Systemhaus

The management Board

Kurt Bengel *Christian Pusch*

CENIT Aktiengesellschaft Systemhaus, Stuttgart

CONSOLIDATED BALANCE SHEET (in accordance with IFRSs)

as of 31 December 2008

in EUR k	Note	31 Dec.2008	31 Dec. 2007
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	F1	1,505	250
Property, plant and equipment	F2	2,449	1,760
Investment in an associate	F3	51	52
Income tax receivable	F9	583	634
NON-CURRENT ASSETS		4,588	2,696
CURRENT ASSETS			
Inventories	F5	1,129	607
Trade receivables	F6	15,065	13,715
Receivables from associates	F6	2,977	0
Current income tax assets	F9	1,043	893
Other receivables	F7	156	254
Other financial assets at fair value through profit or loss	F8	960	9,320
Cash	F10	12,265	8,995
Prepaid expenses	F11	1,231	130
CURRENT ASSETS		34,826	33,914
TOTAL ASSETS		39,414	36,610

in EUR k	Note	31 Dec. 2008	31 Dec. 2007
EQUITY AND LIABILITIES			
EQUITY			
Issued capital	F12	8,368	8,368
Capital reserve	F12	1,058	1,058
Currency translation reserve	F12	-292	-372
Legal reserve	F12	418	418
Other revenue reserves	F12	8,140	6,483
Net income of the Group attributable to the shareholders of CENIT AG	F12	7,672	10,222
		25,364	26,177
Minority interests	F12	0	0
TOTAL EQUITY		25,364	26,177
NON-CURRENT LIABILITIES			
Deferred tax liabilities	F4	516	256
CURRENT LIABILITIES			
Trade payables	F14	5,069	3,432
Liabilities to associates	F14	39	0
Other liabilities	F15	7,198	6,336
Current income tax liabilities	F13	1,058	273
Other provisions	F13	170	136
		13,534	10,177
TOTAL EQUITY AND LIABILITIES		39,414	36,610

CENIT Aktiengesellschaft Systemhaus, Stuttgart

CONSOLIDATED INCOME STATEMENT (in accordance with IFRSs)

for the period from 1 January to 31 December 2008

in EUR k		Note		31 Dec. 2008	31 Dec. 2007
1.	REVENUE	E1		83,357	77,058
2.	Increase or decrease in work in process			208	-88
	Total operating performance			83,565	76,970
3.	Other operating income	E2		786	601
	Operating performance			84,351	77,571
4.	Cost of materials	E3	23,250		19,127
5.	Personnel expenses	E4	38,766		*34,743
6.	Amortization of intangible assets and depreciation of property, plant and equipment	E5	1,409		1,086
7.	Other operating expenses	E6	16,146		*14,251
				79,571	69,207
	NET OPERATING INCOME			4,780	8,364
8.	Other interest and similar income	E7	387		348
9.	Interest and similar expenses	E7	120		49
10.	Result from financial instruments at fair value through profit or loss	E8	212		305
11.	Share of profit of an associate	F3	-1		0
				478	604
	RESULT FROM ORDINARY ACTIVITIES			5,258	8,968
12.	Income taxes	E9		1,924	2,852
13.	NET INCOME OF THE GROUP FOR THE YEAR			3,334	6,116
14.	thereof attributable to the shareholders of CENIT AG			3,334	6,090
15.	thereof attributable to minority interests			0	26
	Earnings per share in EUR				
	basic	E10		0.40	0.73
	diluted	E10		0.40	0.73

*In contrast to the prior year, EUR 409 k of personnel expenses for fiscal 2007 were reclassified and reported instead as other operating expenses.

CENIT Aktiengesellschaft Systemhaus, Stuttgart

CONSOLIDATED STATEMENT OF CASH FLOWS (in accordance with IFRSs)

as of 31 December 2008

in EUR k	Note	31 Dec. 2008	31 Dec. 2007
CASH FLOW FROM OPERATING ACTIVITIES			
Earnings before tax		5,258	8,968
Adjusted for:			
Amortization and depreciation	E5	1,409	1,086
Losses on disposals of non-current assets		7	3
Share of profit of associates	F3	1	0
Other non-cash income and expenses		746	160
Impairment/reversal of impairment losses on other financial assets		40	-10
Interest income	E7	-387	-348
Interest expenses	E7	120	49
Increase/decrease in trade receivables and other current non-monetary assets		-4,537	2,408
Increase/decrease in inventories		-522	61
Increase/decrease in current liabilities and provisions		2,222	-3,863
Interest paid		-6	-49
Interest received		275	310
Income taxes paid		-2,145	-3,388
Change in net cash flow from operating activities		2,481	5,387
Cash flow from investing activities			
Acquisition of property, plant and equipment and intangible assets	F1/F2	-1,264	-1,503
Purchase of investments in an associate	F3	0	-53
Acquisition of shares in fully consolidated entities	C1	-2,099	0
Gain on disposal of property, plant and equipment		16	1
Change in other financial assets that are not allocable to cash and cash equivalents		8,320	1,732
Net cash paid for investing activities		4,973	177
Cash flow from financing activities			
Dividends paid to shareholders	E11	-4,184	-4,184
Net cash paid for financing activities		-4,184	-4,184
Net increase/decrease in cash and cash equivalents		3,270	1,380
Cash and cash equivalents at the beginning of the reporting period	G	8,995	7,615
Cash and cash equivalents at the end of the reporting period	G	12,265	8,995

CENIT Aktiengesellschaft Systemhaus, Stuttgart

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

AS OF 31 DECEMBER 2008

in EUR k	Equity attributable to equity holders of the parent								
	Issued capital	Capital reserve	Currency translation reserve	Legal reserve	Other revenue reserves	Net income of the Group attributable to shareholders of CENIT AG	Total	Minority interests	Total
As of 1 January 2007	8,368	863	-212	418	2,899	11,968	24,304	0	24,304
Exchange differences			-160				-160	-1	-161
Net income of the Group for the year						6,090	6,090	26	6,116
Total income recognized for the period	0	0	-160	0	0	6,090	5,930	25	5,955
Reversal of minority interests					56		56	66	122
Transfer from stock options		195					195		195
Dividend distribution						-4,184	-4,184	-27	-4,211
Allocations to other revenue reserves					3,652	-3,652	0		0
Put option minority interests as of 31 December 2007					-124		-124	-64	-188
As of 31 December 2007	8,368	1,058	-372	418	6,483	10,222	26,177	0	26,177
Exchange differences			80				80		80
Net income of the Group for the year						3,334	3,334	0	3,334
Total income recognized for the period	0	0	80	0	0	3,334	3,414	0	3,414
Reversal of minority interests					124		124	64	188
Acquisition of residual share					-167		-167	-64	-231
Dividend distribution						-4,184	-4,184	0	-4,184
Allocations to other revenue reserves					1,700	-1,700	0		0
As of 31 December 2008	8,368	1,058	-292	418	8,140	7,672	25,364	0	25,364

CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, STUTTGART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2008

A. Commercial register and business purpose of the Company

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

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

B. Accounting policies

The consolidated financial statements of CENIT Aktiengesellschaft Systemhaus, Stuttgart, have been prepared and published in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code]. The management board released them to the supervisory board on 4 March 2009.

The consolidated financial statements have been prepared in euro. To aid clarity, all figures are presented in thousands of euros (EUR k), unless otherwise indicated.

The balance sheet date is 31 December of any given 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 financial statements have been prepared on the basis of historical cost apart from financial assets that are held for trading or are classified on initial recognition as financial assets at fair value through profit or loss and are thus reported at fair value.

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

The consolidated financial statements are based on uniform accounting policies.

The consolidated financial statements of CENIT AG Systemhaus and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have amended or issued the following standards and interpretations, the adoption of which was mandatory for the first time in the fiscal year 2008:

IAS 39 "*Financial Instruments: Recognition and Measurement*" and
IFRS 7 "*Financial Instruments: Disclosures*"

The amendments to IAS 39 and IFRS 7 were published in October 2008 and entered into effect retrospectively as of 1 July 2008. The amendments were made in response to the financial market crisis and allow entities the option in certain circumstances of reclassifying non-derivative financial assets from the measurement categories "held for trading" and "available-for-sale financial assets" to other measurement categories. The amendments to IFRS 7 require additional disclosures in the notes when reclassifications between measurement categories are made. The first-time adoption of the standard had no effect on the net assets, financial position or results of operations because no such reclassification was carried out.

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

IFRIC 11 was issued in November 2006 and became effective for the first time in fiscal years beginning on or after 1 March 2007. In accordance with this interpretation, arrangements under which employees are granted rights to an entity's equity instruments are required to be accounted for as equity-settled share-based payment transactions when the entity buys the equity instruments from a third party or the equity instruments needed are granted by the shareholders. The first-time adoption of the standard had no effect on the net assets, financial position or results of operations because the Group has already recognized share-based payment transactions as equity-settled transactions.

The IASB and the IFRIC have published the standards and interpretations listed below, which have already been adopted by the EU in the comitology procedures, but whose adoption was not mandatory for the fiscal year 2008. The Group has not early adopted these standards and interpretations.

- IFRS 8 *Operating Segments*

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

- IAS 23 *Borrowing Costs*

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

- IAS 1 *Presentation of Financial Statements*

The revised IAS 1 was issued in September 2007 and becomes effective for the first time for fiscal years beginning on or after 1 January 2009. The revised version of the standard involves significant changes in presentation and disclosure of financial information in the financial statements. In the future, the statement of changes in equity can only present owner changes in equity. All non-owner changes in equity are required to be presented either as one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). In addition, the standard requires entities to present a statement of financial position as at the beginning of the earliest comparative period when the entity has applied an accounting policy retrospectively, makes a retrospective restatement, or reclassifies items in the financial statements. The new standard will have an effect on the form in which the Group's financial information is published, but not on the recognition and measurement of assets and liabilities in the consolidated financial statements.

- Amendments to IFRS 1 and IAS 27 – *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

These amendments to IFRS 1 and IAS 27 were issued in May 2008 and become effective for fiscal years beginning on or after 1 January 2009. The amendments to IFRS 1 allow an entity to determine the cost of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS balance sheet using their previous GAAP carrying amounts or a deemed cost. The amendments to IAS 27 only concern the parent company's separate financial statements and essentially require all dividends from a subsidiary, jointly controlled entity or associate to be recognized in the income statement in the separate financial statements. In principle, the transitional provisions provide for prospective application. Since the provisions regarding the first-time adoption of IFRSs and the provisions for separate financial statements are not relevant to the Group, these revised standards have no effect on the consolidated financial statements.

- Amendments to IFRS 2 – *Vesting Conditions and Cancelations*

The revised IFRS 2 was issued in January 2008 and becomes effective for the first time for fiscal years beginning on or after 1 January 2009. The revised standard clarifies the definition of vesting conditions and governs the accounting treatment of a cancelation by the employees of share-based payment plans. The transitional provisions provide for retrospective application of the new regulation. Due to the low volume of share-based payment plans in the Group, first-time adoption of this revised standard is not expected to have a significant effect on the consolidated financial statements in the future.

- Amendments to IAS 32 and IAS 1 – *Puttable Financial Instruments and Obligations Arising on Liquidation*

The amendments to IAS 32 and IAS 1 were issued in February 2008 and are effective for the first time for fiscal years beginning on or after 1 January 2009. Alternative accounting treatment is introduced under which puttable financial instruments are classified as equity if certain criteria are satisfied. Disclosures are also required regarding such financial instruments. The amendments to the standards will not have an impact on the net assets, financial position or results of operations of the Group, as the parent company has not issued such instruments.

- Improvements to IFRSs 2008

The amendments from the improvements project in 2008 were published in May 2008 and are effective for the first time for fiscal years beginning on or after 1 January 2009 – with the exception of IFRS 5, which is effective as of 1 July 2009. As part of the 2008 improvements project, a range of both material amendments having an effect on recognition and measurement and purely editorial amendments are issued. The latter concern the revision of individual definitions and formulations, for example, in the interest of ensuring consistency with other IFRSs. The Group has not yet applied the following amendments:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarification that all assets and liabilities of a subsidiary whose planned disposal would lead to a loss of control over this subsidiary are to be classified as held for sale if the entity retains a non-controlling interest in the former subsidiary.

- IAS 1 Presentation of Financial Statements: clarification that financial instruments classified as held for trading do not have to be disclosed as current assets or liabilities in the balance sheet. Classification as "current" is based solely on the criteria set out in IAS 1.

- IAS 10 Events After the Balance Sheet Date: clarification that dividends declared after the balance sheet date but before the financial statements are authorized for issue are not recognized as a liability at the balance sheet date because they do not meet the criteria of an obligation.

- IAS 16 Property, Plant and Equipment: Income from items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental is disclosed under revenue.

- IAS 19 Employee Benefits: In addition to the revision of numerous definitions, clarification that plan adjustments that result in a reduction in benefits related to future services must be treated as a curtailment. Plan adjustments where the reduction in benefits relates to services already rendered must be recognized as past service cost.

- IAS 20 Accounting for Government Grants and Disclosure of Government Assistance: the interest advantage must be calculated in the future for loans which are non- or low-interest bearing. The difference between the amount received and the discounted amount is accounted for as government grant.

- IAS 23 Borrowing Costs: the definition of borrowing costs is revised by incorporating IAS 39 concerning the effective interest rate.

- IAS 27 Consolidated and Separate Financial Statements: it was clarified that subsidiaries should be accounted for in accordance with IAS 39 at fair value in the parent company's separate financial statements, even if the subsidiary is classified as held for sale.

- IAS 28 Investments in Associates: because goodwill included in the carrying amount of an investment in an associate is not recognized separately, it is not tested for impairment separately. Rather, the total carrying amount of the investment is subject to impairment testing and written down as necessary. It has now been clarified that the reversal of impairment losses on an investment in an associate should be recognized as an increase in this investment and not allocated to goodwill contained therein. Another amendment concerns the disclosure requirements for such investments in associates that are accounted for at fair value in accordance with IAS 39. Only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans will apply to such investments in the future.

- IAS 29 Financial Reporting in Hyperinflationary Economies: the standard clarifies that in the case of financial statements prepared on a historical cost basis, the assets and liabilities that must or can be measured at fair value need not be restricted to property, plant and equipment and investments.

- IAS 31 Interests in Joint Ventures: the amendment concerns the disclosure requirements for such interests in joint ventures that are accounted for at fair value in accordance with IAS 39. In the future, such interests are only subject to the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as the aggregate amount of the assets, liabilities, income and expense will apply.

- IAS 34 Interim Financial Reporting: It is clarified that basic and diluted earnings per share have to be disclosed in the interim financial statements only if the entity is subject to the requirements of IAS 33 Earnings per Share.

- IAS 36 Impairment of Assets: harmonization of the disclosures required on determining value in use and fair value less costs to sell using the discounted cash flows method.

- IAS 38 Intangible Assets: expenditure on goods and services used for advertising and promotional activities (including mail-order catalogs) are to be recognized as an expense in future when the Group either has the right to access the goods or has received the service. In addition, the unit of production method of amortization is permitted without restriction for intangible assets.

- IAS 39 Financial Instruments: after initial recognition, derivatives may in future be designated as "at fair value through profit or loss" or be reclassified out of that category in the event of changes in circumstances because this does not qualify as a reclassification under IAS 39. In addition, the reference to a "segment" was removed when determining whether an instrument satisfies the criteria to qualify as a hedge. It is also clarified that the effective interest method should be used to measure a debt instrument once it is no longer accounted for as a fair value hedge.

- IAS 40 Investment Property: in future, property being constructed or developed for future use as investment property should no longer be classified as property, plant and equipment, but rather as investment property and measured at cost or fair value. If the entity uses fair value and the fair value cannot be reliably determined, the property under construction is measured at cost until such time as fair value can be determined or construction is complete.

- IAS 41 Agriculture: there is no longer a limitation as regards using a pre-tax discount rate when determining the fair value. The prohibition was also revoked as regards using, in the estimation of the fair value, those cash flows resulting from the additional biological transformations and other future activities of the entity.

- The Group assumes that – with the exception of the effects of rules explicitly discussed – the new rules resulting from the improvements project will not have any material effect on the financial statements:

- IAS 39 Financial Instruments: Recognition and Measurement: the Group will review its hedging strategy and adjust it to the new requirements.

- IFRIC 13 *Customer Loyalty Programmes*

IFRIC 13 was issued in June 2007 and became effective for fiscal years beginning on or after 1 July 2008. According to this interpretation, award credits granted to customers must be accounted for as a separately identifiable component of the sales transactions in which they are granted. Consequently, the fair value of the consideration received must be allocated to the customer loyalty award credits and deferred. Revenue is recognized in the period in which the award credits granted are exercised or forfeited. Since the Group does not operate any customer loyalty programs at present, this interpretation has no effect on the consolidated financial statements.

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

IFRIC 14 was published in July 2007 and must be applied in fiscal years beginning on or after 31 December 2008, at the latest. This interpretation provides guidance for determining the maximum amount of a surplus from a defined benefit plan that can be recognized as an asset pursuant to IAS 19 Employee Benefits. Since the Group does not operate defined benefit pension plans at present, this interpretation has no effect on the consolidated financial statements.

The IASB and the IFRIC have published the standards and interpretations listed below whose adoption was not yet mandatory for the fiscal year 2008. These standards and interpretations have not yet been adopted by the EU and have not been applied by the Group.

- IFRS 1 *First-time Adoption of IFRS*

The revised IFRS 1 was issued in November 2008 and becomes effective for the first time for fiscal years beginning on or after 1 January 2009. Only editorial changes and restructuring had been made to the standard. The revision did not result in any changes to the accounting policies for first-time adopters of IFRS. The provisions of IFRS 1 are addressed to first-time adopters of IFRS and do not have any effect on the Group.

- IFRS 3 *Business Combinations*

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

- IAS 27 *Consolidated and Separate Financial Statements*

The revised IAS 27 was issued in January 2008 and becomes effective for the first time for fiscal years beginning on or after 1 July 2009. These amendments primarily relate to accounting for non-controlling interests (minority interests) that will in future participate in full in the Group's losses and to transactions that lead to loss of control of a subsidiary and the effects of which are recognized in profit or loss. The effects of disposal of shares that do not lead to loss of control should be recorded directly in equity. In principle, the transitional provisions provide for prospective application. Therefore, there were no changes concerning the assets and liabilities arising from such transactions prior to first-time adoption of the new standard. The application of this standard has no impact on the consolidated financial statements due to the fact that there are no more minority interests at the Group following the acquisition of the remaining 10% share in Cenit (Schweiz) AG in 2008.

- Amendments to IAS 39 – *Eligible Hedged Items*

The amendments to IAS 39 were issued in July 2008 and become effective retrospectively for the first time for fiscal years beginning on or after 1 July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. As the Group does not use hedging instruments, this standard does not affect the consolidated financial statements.

- IFRIC 12 *Service Concession Arrangements*

IFRIC 12 was issued in November 2006 and became effective for fiscal years beginning on or after 1 January 2008. This interpretation has not been endorsed into EU law yet. The interpretation governs the accounting treatment of obligations and related rights in service concession arrangements in the financial statements of operators. The entities included in the consolidated financial statements are not operators within the meaning of IFRIC 12. This interpretation will therefore not have any effect on the Group.

- IFRIC 15 *Agreements for the Construction of Real Estate*

IFRIC 15 was issued in July 2008 and becomes the effective for fiscal years beginning on or after 1 January 2009. This interpretation provides guidelines as to the timing and scope of revenue recognition in connection with the construction of real estate. IFRIC 15 will not have any effects on the consolidated financial statements, since IFRIC 15 is not applicable to the Group.

- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*

IFRIC 16 was issued in July 2008 and becomes the effective for fiscal years beginning on or after 1 October 2008. IFRIC 16 provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss to be reclassified from equity to profit or loss on disposal of the net investment. This interpretation is to be applied prospectively. IFRIC 16 will not have any effect on the consolidated financial statements, since the Group does not have any such investments.

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

IFRIC 17 was issued in November 2008 and becomes the effective for fiscal years beginning on or after 1 July 2009. This interpretation provides guidance on the recognition and measurement of obligations to distribute non-cash assets to owners. The interpretation addresses the issues of timing, measurement and disclosure of such obligations. Accordingly, such an obligation should be recognized at fair value when the entity can no longer avoid the obligation. The obligations and any change in the fair value of the asset concerned should be recognized in equity. The effect on profit or loss, measured as the difference between the fair value and the carrying amount of the asset, is realized when said asset is transferred to the owner. This interpretation is to be applied prospectively. IFRIC 17 will not have any effects on the consolidated financial statements, since there are no distributions of non-cash assets expected in the Group.

- IFRIC 18 *Transfers of Assets from Customers*

IFRIC 18 was issued in January 2009 and becomes effective for fiscal years beginning on or after 1 July 2009. This interpretation provides guidance on the accounting treatment of agreements in which an entity receives from its customers items of property, plant and equipment or cash and cash equivalents that must be used by the entity to connect those customers to a network and / or provide them with ongoing access to a supply of goods or services. The interpretation addresses in particular the recognition criteria of customer contributions, the timing and the amount of revenue recognition from such business transactions. This interpretation is to be applied prospectively. IFRIC 18 will not have an impact on the consolidated financial statement because the Group does not conduct such business transactions.

Changes in the presentation of the consolidated financial statements

Personnel-related expenses totaling EUR 455 k have been reported as other operating expenses in the 2008 consolidated financial statements. This resulted in the reclassification of EUR 409 k from personnel expenses to other operating expenses in the comparable prior-year period.

C. Basis of consolidation

1. Consolidated group

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

CENIT AG Systemhaus acquired 100% of the voting shares in CAD Scheffler GmbH with effect as of 1 January 2008. As supplier of PLM systems solutions, CAD Scheffler GmbH, domiciled in Oelsnitz, is specialized in the Dassault Systèmes PLM product CATIA. By integrating CAD Scheffler GmbH, CENIT AG Systemhaus strengthens its market position in the PLM consulting and software market on a national and international scale. Acquisition costs of EUR 2,468 k comprise a fixed amount of EUR 1,400 k, a revenue-related portion of EUR 200 k, an amount linked to working capital totaling EUR 806 k and incidental costs of EUR 62 k. The amount linked to working capital was calculated on the basis of the audited financial statements as of 31 December 2007 and the revenue-related portion on the basis of revenue for the fiscal year 2008.

The fair value of the identifiable assets and liabilities of CAD Scheffler GmbH as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were: see Fig. 0

The outflow of cash on account of this acquisition came to EUR 1,895 k, and stems from cash outflow for the payment of acquisition costs (EUR 2,468 k) net of cash acquired from CAF Scheffler totaling EUR 573 k.

CAD Scheffler has supported our joint position at the top of the PLM consulting and software market since fiscal 2008. In that year, CAD Scheffler generated revenue of EUR 2.4 million and EBIT of EUR 0.3 million before consolidation.

After consolidation, CAD Scheffler contributed EUR 35 k to the profit for the year from continuing operations of the Group. This is due to the customer transfer agreement concluded with CENIT AG.

The Group also acquired 10% of Cenit (Schweiz) AG with effect as of 1 January 2008. This raised its share to 100%. Acquisition costs for the remaining share came to EUR 204 k, resulting in a cash outflow equal to this amount.

The following changes were made to the consolidated group in fiscal 2007:

Effective 26 April 2007, CENIT FRANCE SARL was established by CENIT AG Systemhaus. Cash of EUR 10 k was contributed in connection with the establishment of the entity.

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

Effective 16 November 2007, CenProCS AIRliance GmbH was established by CENIT AG Systemhaus together with two other shareholders (see No. 3 below). Cash section of EUR 50 k was contributed in connection with the establishment of the entity.

The following entities have been included in the consolidated financial statements of CENIT AG in accordance with IAS 27 or IAS 28 respectively: see Fig. 1

Fig. 0 FAIR VALUE OF THE IDENTIFIABLE ASSETS AND LIABILITIES OF CAD SCHEFFLER GMBH IN EUR K

	Fair value recognized on acquisition	Previous carrying amount
Intangible assets	1,474	68
Property, plant and equipment	631	643
Trade receivables, other receivables and prepaid expenses	887	887
Cash	573	573
	3.565	2.171
Trade payables (including affiliates), other liabilities and other provisions	590	590
Current income tax liabilities	64	64
Deferred tax liabilities	375	0
	1,029	654
Total net assets acquired	2,536	1,517
Negative goodwill arising on the acquisition	-68	
Total acquisition costs	2,468	

Fig. 1 ENTITIES

No.	Entity	Currency	%	of	Issued capital LC k	Equity LC k	Earnings LC k	Date of purchase accounting
1	CENIT AG Systemhaus, Stuttgart/Deutschland	Parent company			8.368			
2	Cenit (Schweiz) AG, Frauenfeld/Schweiz	CHF	100	1	500	4,316	3,566	October 26, 1999
3	CENIT NORTH AMERICA INC., Auburn Hills/USA	USD	100	1	25	1,019	-111	November 29, 2001
4	CENIT SRL, Iasi/Rumänien	ROL	100	1	332	1,200	665	May 22, 2006
5	CENIT France SARL, Toulouse/Frankreich	EUR	100	1	10	22	16	April 26, 2007
6	CAD Scheffler GmbH, Oelsnitz/Deutschland	EUR	100	1	26	1,760	243	January 1, 2008
7	CenProCS AIRliance GmbH, Stuttgart/Deutschland	EUR	33.3	1	150	145	-4	November 16, 2007

2. Business combinations and goodwill

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

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity. If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of acquiring the company, the excess amount is recognized in profit or loss.

3. Investment in an associate

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

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

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

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

4. Consolidation methods

The separate financial statements of the entities included in the Group, prepared according to uniform accounting policies as of 31 December 2008 and audited by public auditors, who rendered an unqualified opinion thereon or performed a review, form the basis for these consolidated financial statements.

Capital held in subsidiaries was consolidated by offsetting the acquisition costs against the interest in the fair value of the acquired, identified assets less liabilities and contingent liabilities allocable to the parent company at the date of acquisition. In the past, goodwill resulting from capital consolidation was generally amortized over its useful life – regularly estimated at fifteen years in the past – using the straight-line method. Goodwill was written down to net realizable value whenever it was impaired. As of 1 January 2006, goodwill was not recognized in the balance sheet any more. If the acquirer's interest in the net fair value exceeds the acquisition costs for the business combination, the excess is recognized immediately in profit or loss. In the course of the fiscal year, the first-time consolidation of CAD Scheffler GmbH generated an excess of EUR 68 k that was recognized as other operating income in the income statement. This income corresponds to 2% of group net income for the year.

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

Neither inventories nor non-current assets contain any assets from intercompany trade.

IAS 27 requires minority interests to be reported in the consolidated balance sheet under equity in a separate item from the parent company's equity. The minority interests disclosed in fiscal 2007 corresponded to the shares of Cenit (Schweiz) AG that were not held by the parent company. Where there were put options in connection with the minority shareholders, the difference between liabilities from the put options and the pro rata equity attributable to the minority shareholder were recognized directly in equity. The acquisition of the remaining 10% share in the fiscal year led to the derecognition of minority interests in fiscal 2008. The difference between the reported minority interests and acquisition costs was recognized directly in equity, and is maintained in the Group's revenue reserves.

5. Foreign currency translation

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

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

Foreign currency transactions are generally translated at the current rate of the transaction date. At the end of the fiscal year, monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Non-monetary items that were measured at their historical cost are translated at the rate of the transaction date, while non-monetary items that were measured at their fair value are translated at the rate which was current at the time the fair value was determined. Differences arising from currency translation at closing rates are recognized in profit or loss: see Fig. 2

Fig. 2 EXCHANGE RATES IN EUR

	Closing rate		Average annual rate	
	31 Dec. 2008	31 Dec. 2007	2008	2007
CHF	1.4850	1.6547	1.5874	1.6427
USD	1.3917	1.4721	1.4708	1.3705
ROL	4.0225	3.6077	3.6826	3.3353

D. Accounting policies

Purchased intangible assets are stated at amortized cost including incidental acquisition cost. They are reduced by amortization over the expected useful life, usually three years, using the straight-line method.

In the case of intangible assets acquired in connection with a business combination, the acquisition 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, 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 life.

Internally generated intangible assets are not recognized due to non-fulfillment of the criteria in IAS 38.57(a-f). The expenditure of EUR 3,648 k (prior year: EUR 3,076 k) incurred in the course of optimizing existing products was recorded as an expense.

Property, plant and equipment are recorded at cost less straight-line depreciation. Cost comprises the costs for replacement parts which are recognized at the time they are incurred, providing they meet the recognition criteria. Maintenance costs are recorded directly as expenses. Items of property, plant and equipment are depreciated on the basis of their estimated useful lives. The useful life of other equipment is three to five years, and five to ten years for furniture and fixtures. Buildings on the Company's premises are depreciated over a period of 33 years, or 8 - 15 years for land improvements. Buildings on third-party land (leasehold improvements) are depreciated over the terms of the lease agreements. The lease agreements expire in 2011. No material residual values had to be considered when determining depreciation.

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

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

A reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is posted as a gain 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.

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

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

Leases

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

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

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

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

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

d) there is a substantial change to the asset.

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

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

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

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

Financial instruments

Pursuant to IAS 39, a financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets include cash and cash equivalents, trade receivables and loans and receivables originated by the entity, held-to-maturity investments and primary and derivative financial instruments held for trading. Financial liabilities generally give rise to the right to receive settlement net in cash or another financial asset.

Financial instruments are recognized as soon as CENIT AG Systemhaus becomes party to the contractual provisions of the financial instrument.

Investments and other financial assets

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

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

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

Financial assets at fair value through profit or loss

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

Held-to-maturity investments

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

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

Available-for-Sale financial assets

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

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

Derecognition of financial assets and financial liabilities

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

Impairment of financial assets

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

Financial assets carried at amortized cost

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

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

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

Financial assets carried at cost

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

Available-for-sale financial assets

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

Trade receivables and other receivables

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

Derivative financial instruments are used to increase the return on investment and for hedging purposes. These derivative financial instruments are initially recognized at fair value at the time they are entered into and thereafter measured at fair value. 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. Costs of conversion are determined on the basis of full production-related costs. Net realizable value is the estimated selling price less costs to sell.

Borrowing costs are not capitalized.

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

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 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.

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

Liabilities are recorded at amortized cost.

Current tax assets and liabilities

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

Deferred taxes are recorded on temporary differences between the tax 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. Deferred tax assets are only recognized on unused tax losses to the extent that it is probable that future taxable income will be available for offsetting. The carrying amount of the deferred tax assets is reviewed for impairment as of every balance sheet date and reduced by the amount for which sufficient tax profits are no longer likely to be available.

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

Deferred tax assets and deferred tax liabilities are offset 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.

VAT

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

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

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

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

Revenue recognition

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

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

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

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

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

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

Significant accounting judgments, 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 uncertainty about whether some products will reach marketability, some of the conditions for recognition pursuant to IAS 38 are currently not satisfied. Development costs are consequently not capitalized.

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

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

Share-based payments

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

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

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

1. Revenue

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

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

2. Other operating income

Other operating income breaks down as follows: see Fig. 4

3. Cost of materials

This item contains the cost of purchased merchandise of EUR 15,428 k (prior year: EUR 13,646 k) and the cost of purchased services of EUR 7,822 k (prior year: EUR 5,481 k).

Fig. 3 REVENUE IN EUR K

	2008	2007
Revenue from services	52,545	46,599
Revenue from goods	11,595	12,424
Royalties	19,217	18,035
Total	83,357	77,058

Fig. 4 OTHER OPERATING INCOME IN EUR K

	2008	2007
Income from subleases	235	190
Income from insurance indemnification	58	79
Foreign exchange rate gains	133	4
Other income	292	328
Negative goodwill arising on acquisition	68	
Total	786	601

4. Personnel expenses

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

Pension costs consist of an employer-funded company pension scheme at one group entity and the employer's contribution to the statutory pension scheme.

The group entity with the employer-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. The value 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. Ongoing contributions are

Fig. 5 PERSONNEL EXPENSES IN EUR K

	2008	2007*)
Wages and salaries	32,969	29,433
Social security, pension and other benefit costs	5,797	5,170
Other personnel expenses	0	140
Total	38,766	34,743

*) In contrast to the prior year, EUR 409 k of other personnel expenses for fiscal 2007 was reclassified and reported as other operating expenses.

Fig. 6 OTHER OPERATING EXPENSES IN EUR K

	2008	2007*)
Motor vehicle costs	1,772	1,651
Travel expenses	3,243	2,942
Advertising costs	1,633	1,502
Telecommunication and office supplies	972	735
Rent and rent incidentals	841	673
Rental and lease expenses	3,611	3,037
Exchange rate losses	203	0
Other personnel expenses	871	574
Legal and consulting fees	467	261
Commission	515	502
Other	2,018	2,374
Total	16,146	14,251

*) In contrast to the prior year, EUR 409 k of other personnel expenses for fiscal 2007 was reclassified and reported as other operating expenses.

reported in the consolidated income statement as pension costs for the respective year, and came to EUR 26 k in 2008 (prior year: 0 k).

The employer's contribution to the state pension scheme in Germany is organized as a state defined contribution plan in Germany. Pension costs include EUR 172 k (prior year: EUR 76 k) for contributions to the pension scheme of a large German insurance company.

An annual average of 702 (prior year: 595) persons were employed by the Group; 62 thereof were trainees (prior year: 45).

5. Amortization of intangible assets and depreciation of property, plant and equipment

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

6. Other operating expenses: see Fig. 6

7. Net interest

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

Fig. 7 TOTAL INTEREST IN EUR K

	2008	2007
Interest income from bank balances and other financial assets	350	326
Other interest income	37	22
Total interest income (on a historical cost basis)	387	348
Utilization of credit lines and guarantees	7	49
Interest expenses for business taxes	113	0
Total interest expenses (on a historical cost basis)	120	49

Fig. 8 NET INTEREST IN EUR K

	2008	2007
Net interest from operating activities	230	277
Other net interest	37	22
Total net interest (on a historical cost basis)	267	299

The net interest is as follows: see Fig. 8

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

The Group concluded two short-term securities lending transactions with a German bank by the start of 2007. The lending transaction involves the transfer of shares from foreign issuers by the bank to CENIT AG for a period of up to two months. Over the term to maturity, CENIT AG receives dividend income from the securities and has expenses from compensation payments to the contracting party. In

Fig. 9 RESULT FROM FINANCIAL INSTRUMENTS IN EUR K

	2008	2007
Dividends from securities lending	0	724
Profits on securities	252	309
Reversal of impairment losses on securities	0	10
Gain or loss on the redemption of derivatives	0	16
Total income	252	1,059
Compensation payments for securities lending	0	724
Impairment of securities	40	9
Lending fee for shares	0	21
Total expense	40	754
Total result	212	305

Fig. 10 INCOME TAX IN EUR K

	2008	2007
Current tax expense	2,041	2,827
Change in deferred taxes	-117	25
Total	1,924	2,852

Fig. 11 IMPUTED TAX EXPENSE IN %

	2008	2007
Trade tax at a levy rate of 434.396% (prior year: 437.834%)	15.20	17.96
Corporate income tax (15.0%; prior year: 25.0% of profit after trade tax)	15.00	20.51
Solidarity surcharge (5.5% of corporate income tax)	0.83	1.13
Effective tax rate	31.03	39.60

accordance with Sec. 8b (1) KStG ["Körperschaftsteuergesetz": German Corporate Income Tax Act] the dividend is 100% exempt from corporate income tax. The compensation payable to the bank and other fees are no longer deductible for tax purposes as of 2007 in accordance with Sec. 8b (10) KStG. The shares are transferred back to the contracting party upon maturity.

CENIT AG did not bear a price risk from this transaction as the condition for transfer upon maturity only involves shares of the same nature and quality and is not dependent on the price of the share in question. In fiscal 2007, income of EUR 724 k from dividends arose from the transactions, and was offset by equal expenses relating to compensation payments and lending fees of EUR 21 k.

9. Income tax

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

The current tax expense includes additional expenses of EUR 778 k relating to other periods (prior year: EUR 8 k).

Fig. 12 EXPECTED TAX BURDEN IN EUR K

	2008	2007
Earnings before taxes	5,258	8,968
Theoretical tax expense based on a tax rate of 31.03% (prior year: 39.60%)	1,632	3,551
Non-deductible expenses	159	132
Tax-free income	-111	-127
Effects of different tax rates within the Group and tax rate changes	-547	-742
Taxes relating to other periods (reversal of income tax liabilities)	778	8
Taxes on profits of subsidiaries not transferred	13	30
Income tax expense according to the consolidated income statement	1,924	2,852

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

	2008	2007
Net profit attributable to holders of common shares of the parent	3,334	6,090
Weighted average number of ordinary shares for calculation of basic earnings per share	8,367,758	8,367,758

Fig. 14 DECLARED AND PAID DIVIDENDS IN EUR K

Dividends on common shares:	2008	2007
Final dividend for 2008: 50 cents (2007: 50 cents)	4,184	4,184

Fig. 15 PROPOSED DIVIDENDS IN EUR K

Dividends on common shares:	2008	2007
Final dividend for 2008: 0 cents (2007: 50 cents)	0	4,184

The calculation of deferred taxes was based on a tax rate of 31.03% (prior year: 30.77%).

We refer to note F 4 with respect to the change in deferred taxes. The expected tax burden on the taxable profit is 31.03% as of the balance sheet date (prior year: 39.60%) and is calculated as follows: see Fig. 11

The difference between the current tax expense and the imputed tax expense that would result from a tax rate of 31.03% (prior year: 39.60%) for CENIT AG breaks down as follows: see Fig. 12

10. Earnings per share

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

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

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

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

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. Under IAS 33.49, basic and diluted earnings per share total EUR 0.40 (prior year: EUR 0.73).

11. Dividends paid and proposed

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

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

F. Balance sheet

1. Intangible assets

Intangible assets developed as follows in 2008: see Fig. 16

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

Fig. 16 INTANGIBLE ASSETS IN EUR K

	Software and licenses in such rights and assets	Customer base	Order backlog	Total
	EUR k	EUR k	EUR k	EUR k
Cost as of 1 January 2008	1,217	0	0	1,217
First-time consolidation 1 January 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 31 December 2008	1,518	1,391	35	2,944
Accumulated amortization as of 1 January 2008	967	0	0	967
Exchange difference	3	0	0	3
Additions	235	199	35	469
Disposals	0	0	0	0
As of 31 December 2008	1,205	199	35	1,439
Net carrying amounts	313	1,192	0	1,505
	EUR k	EUR k	EUR k	EUR k
Cost as of 1 January 2007	1,313	0	0	1,313
Exchange difference	-1	0	0	-1
Additions	150	0	0	150
Disposals	245	0	0	245
As of 31 December 2007	1,217	0	0	1,217
Accumulated amortization as of 1 January 2007	1,065	0	0	1,065
Exchange difference	-1	0	0	-1
Additions	148	0	0	148
Disposals	245	0	0	245
As of 31 December 2007	967	0	0	967
Net carrying amounts	250	0	0	250

2. Property, plant and equipment

Property, plant and equipment developed as follows in 2008: see Fig. 17

Fig. 17 PROPERTY, PLANT AND EQUIPMENT IN EUR K

	Buildings including buildings on third-party land	Technical equipment, machines	Other equipment, furniture and fixtures	Total
	EUR k	EUR k	EUR k	EUR k
Cost as of 1 January 2008	909	6,412	619	7,940
First-time consolidation 1 January 2008	531	0	100	631
Exchange difference	4	27	4	35
Additions	29	806	178	1,013
Disposals	10	301	18	329
As of 31 December 2008	1,463	6,944	883	9,290
Accumulated amortization as of 1 January 2008	462	5,300	418	6,180
Exchange difference	2	21	5	28
Additions	138	666	136	940
Disposals	1	292	14	307
As of 31 December 2008	601	5,695	545	6,841
Net carrying amounts	862	1,249	338	2,449
	EUR k	EUR k	EUR k	EUR k
Cost as of 1 January 2007	721	7,186	710	8,617
Exchange difference	-2	-19	-10	-31
Additions	229	840	284	1,353
Disposals	39	1,595	365	1,999
As of 31 December 2007	909	6,412	619	7,940
Accumulated amortization as of 1 January 2007	419	6,284	548	7,251
Exchange difference	-1	-10	-3	-14
Additions	83	618	237	938
Disposals	39	1,592	364	1,995
As of 31 December 2007	462	5,300	418	6,180
Net carrying amounts	447	1,112	201	1,760

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 31 December 2008 breaks down as follows: see Fig. 18

As of 31 December 2008, CenProCS AIRliance reported a loss of EUR 4 k (prior year: EUR 1 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 state-

Fig. 18 INVESTMENT IN AN ASSOCIATE IN EUR K

	2008	2007
Current assets	1,691	52
Non-current assets	0	0
Current liabilities	-1,640	0
Non-current liabilities	0	0
Net assets	51	52
Revenue	2,311	0
Profit	-1	0
Carrying amount of the investment	51	52

Fig. 19 DEFERRED TAX IN EUR K

	Deferred tax assets EUR k		Deferred tax liabilities EUR k	
	31 Dec. 2008	31 Dec. 2007	31 Dec. 2008	31 Dec. 2007
Taxes on profits of subsidiaries not transferred	0	0	43	30
Depreciation and amortization of non-current assets	148	0	399	44
General bad debt allowances	0	0	41	33
Measurement of receivables in foreign currencies	0	0	0	1
Receivables from service contracts	0	0	139	190
Other provisions	54	49	7	7
Special item for investment subsidies	0	0	89	0
Total	202	49	718	305
Netting	-202	-49	202	49
Total	0	0	516	256

ments of the consolidated entities to IFRS led to deferred taxes of the following amounts: see Fig. 19

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 31 December 2008, deferred income tax liabilities totaling EUR 43 k (prior year: EUR 30 k) were recognized for taxes on the non-transferred profits of three subsidiaries. No deferred income tax liabilities were recorded on non-transferred profits of any other subsidiaries as of 31 December 2008 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 12 k).

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

5. Inventories

No adjustments were made to the net realizable value in fiscal 2008 or the prior year: see Fig. 20

6. Receivables

Trade receivables totaling EUR 15,065 k (prior year: EUR 13,715 k) are due from third parties, as well as EUR 2,977 k (prior year: EUR 0 k) from associates. The receivables are non-interest bearing and are generally on 30 to 90 day terms.

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

Fig. 20 INVENTORIES IN EUR K

	31.12.2008	31.12.2007
Merchandise (at cost)	433	119
Services not yet invoiced (at net realizable value)	696	488
Total inventories (at the lower of cost and net realizable value)	1,129	607

Fig. 21 RECEIVABLES IN EUR K

	Total	thereof: neither impaired nor past due as of the balance sheet date	thereof: not impaired as of balance sheet date but past due 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
2008	18,042	12,864	4,552	207	158	261
2007	13,715	9,459	3,229	535	141	351

As of the balance sheet date, EUR 7 k of trade receivables was impaired (prior year: EUR 0 k). Movements in the allowance account of receivables were as follows: see Fig. 22

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

7. Other receivables

Other receivables break down as follows: see Fig. 24

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

Fig. 22 IMPAIRMENT OF RECEIVABLES IN EUR K

	Individually determined to be impaired
As of 1 January 2007	42
Reversal	-42
As of 31 December 2007	0
Addition	7
As of 31 December 2008	7

Fig. 23 RECEIVABLES BY COUNTRY IN EUR K

	31 Dec. 2008 EUR k	31 Dec. 2007 EUR k
Germany	15,940	11,745
Europe	1,140	612
Rest of the world incl. USA	962	1,358
Total	18,042	13,715

Fig. 24 OTHER RECEIVABLES IN EUR K

	31 Dec. 2008 EUR k	31 Dec. 2007 EUR k
Receivables from staff	6	9
Interest cut-off	73	39
Other taxes	0	58
Other	77	148
Total	156	254

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

Other financial assets break down as follows: see Fig. 25

As of the balance sheet date, 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%.

Moreover, in the prior year, EUR 5,290 k was invested in securities (money market fund OptiCash), EUR 1,030 k in other investment fund units (cominvest Institutional Cash Plus) and EUR 2,000 k in floating-interest securities.

All financial instruments were classified as 'at fair value through profit or loss'. Gains or losses were recognized in profit or loss.

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

9. Current income tax receivables

The non-current income tax receivables relate to the recognized corporate income tax credits.

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

They developed as follows: see Fig. 26

Fig. 25 OTHER FINANCIAL ASSETS IN EUR K

	31 Dec. 2008 EUR k	31 Dec. 2007 EUR k
BW Bank securities	960	1,000
Units in investment funds	0	6,320
Bearer bonds	0	2,000
Total	960	9,320

Fig. 26 CURRENT INCOME TAX RECEIVABLES IN EUR K

	TEUR
At January 1, 2008 – tax reimbursement claims –	893
Cash inflow	-893
Current portion of corporate income tax credit	87
Capitalized	956
At December 31, 2008	1,043

10. Cash and short-term deposits

Cash breaks down as follows: see Fig. 27

Cash at banks earns interest at the floating rates based on daily bank deposit rates. The fair value of cash amounts to EUR 12,265 k (prior year: EUR 8,995 k).

As of the balance sheet date, the bank held undrawn credit lines totaling EUR 2,409 k (2007: 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: see Fig. 28

12. Equity

Capital stock

Since the resolution adopted on 13 June 2006 to increase capital from company funds and entry in the commercial register on 14 August 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.

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

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

	Dec. 31, 2008 EUR k	Dec. 31, 2007 EUR k
Cash at banks	12,255	8,990
Cash on hand	10	5
Total	12,265	8,995

Fig. 28 PREPAID EXPENSES IN EUR K

	Dec. 31, 2008 EUR k	Dec. 31, 2007 EUR k
Prepaid expenses from license brokerage	1,046	0
Prepaid expenses from rights of use and auto insurance	185	130
Total	1,231	130

(authorized capital) up until midnight on 13 June 2011, by issuing up to 4,183,879 new no-par value bearer shares in return for contributions in cash or in kind.

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

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 13 June 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: see Fig. 29

2002/2006 Stock Option Plan

By resolution of the annual general meeting on 13 June 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

Fig. 29 CONTINGENT CAPITAL

	Number		EUR	
	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2007
2002/2006 Stock Option Plan	520,000	520,000	520,000	520,000

bearers of options which the management board was authorized to issue on the basis of the resolution by the annual general meeting on 19 June 2002 as passed in the shareholders' resolution of 13 June 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 19 June 2002 as passed in the shareholders' resolution of 13 June 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 13 June 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 shareholders' right to compensation in cash pursuant to Secs. 327b, 327f AktG less the subscription or exercise price.

The following table illustrates the number and weighted average exercise price (WAEP) of the share options granted: see Fig. 30

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 31 December 2008 comes to three years (2007: four 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: see Fig. 31

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

Fig. 30 NUMBER AND WEIGHTED AVERAGE EXERCISE PRICE (WAEP)

	2008		2007	
	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	0	0
Total	199,000	11.10	207,000	11.10

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 subsidiaries' financial statements that are offset against equity.

The adjustment item for minority interests included minority interests in the equity of Cenit (Schweiz) AG as of 31 December 2007. Due to the obligation value of the put option of the minority shareholder, the Company has no longer disclosed any minority interests. Instead, it recognized these under other liabilities. The difference between liabilities and the pro rata equity attributable to the minority shareholder was recognized directly in equity. The acquisition of the remaining 10% share in Cenit (Schweiz) AG in 2008 means that there are no minority interests in equity as of the balance sheet date. This acquisition resulted in the derecognition of minority interests in the fiscal year. The difference between the reported minority shares and acquisition costs was reported directly in equity, and remains in the Group's revenue reserves.

13. Current income tax liabilities and other provisions see Fig. 32

The current income tax liabilities developed as follows: see Fig. 33

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

Fig. 31 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 2006 capital increase)	22.20

developed as follows: see Fig. 34

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

14. Liabilities

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

Fig. 32 CURRENT INCOME TAX LIABILITIES AND OTHER PROVISIONS IN EUR K

	Dec. 31, 2008 EUR k	Dec. 31, 2007 EUR k
Current income tax liabilities	1,058	273
Other provisions	170	136
Total	1,228	409

Fig. 33 CURRENT INCOME TAX LIABILITIES IN EUR K

	TEUR
As of January 1, 2008	273
Consumption	-60
Exchange difference	24
Addition	821
As of December 31, 2008	1,058

Fig. 34 OTHER PROVISIONS IN EUR K

	Annual general meeting EUR k	Other EUR k	Total EUR k
As of January 1, 2008	125	11	136
Consumption	125	11	136
Reversal	0	0	0
Addition	170	0	170
As of December 31, 2008	170	0	170

Fig. 35 TRADE PAYABLES IN EUR K

	Dec. 31, 2008 EUR k	Dec. 31, 2007 EUR k
Trade payables to third parties	5,069	3,432
Liabilities to associates	39	0
Gesamt	5,108	3,432

EUR 5,108 k (prior year: EUR 3,432 k) of total trade payables is due within one year. This is not subject to interest.

15. Other liabilities

Other liabilities comprise: see Fig. 36

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 in accordance with IAS 37. They are carried at the probable amount.

Accruals developed as follows: see Fig. 37

16. Financial risk management objectives and policies

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

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

The general regulations for a group-wide risk policy are contained in the group guidelines. The group-wide risk policy also provides for the use of derivative financial instruments. The corresponding finan-

Fig. 36 OTHER LIABILITIES IN EUR K

	Dec. 31, 2008 EUR k	Dec. 31, 2007 EUR k
VAT/wage tax payables	1,770	1,370
Liabilities for social security	54	49
Accruals	2,033	2,494
Sundry	3,341	2,423
Total	7,198	6,336

Fig. 37 ACCRUALS IN EUR K

	Employer's liability insurance/ Levy in lieu of employing severely disabled persons	Vacation and bonuses	Other	Total
As of 1 January 2008	199	1,822	473	2,494
Consumption	139	1,822	470	2,431
Reversals	60	0	3	63
Addition	159	944	930	2,033
As of 31 December 2008	159	944	930	2,033

cial transactions are only concluded with counterparties with excellent credit ratings.

Credit risk

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

Credit ratings for new customers are made by Creditreform e.V.

The payment patterns of regular customers are analyzed on an ongoing basis.

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

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

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

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

Currency risk

The 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. The resulting exposure amounts to EUR 2 k (prior year: EUR 30 k) with a total volume of USD 23 k (prior year: USD 304 k) and a change of +/- 10%. The risk is considered insignificant.

There are no other risks from foreign currencies.

Interest rate risk

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

The 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.

CENIT entered into an interest swap agreement with a bank of excellent credit rating as of 3 May 2005 for an amount of EUR 2,000 k. The interest swap agreement was terminated prematurely as of 28 February 2007. The redemption sum amounted to EUR 234 k. EUR 11 k was therefore paid in with an effect on income in fiscal 2007.

In addition, CENIT entered into an interest swap agreement with a bank of excellent credit rating as of 3 February 2005 for an amount of EUR 2,000 k. The interest swap agreement was terminated prematurely as of 13 November 2007. The redemption sum was EUR 89 k, resulting in income of EUR 19 k for fiscal 2007.

As of both balance sheet dates, there were no derivative financial instruments for hedging against interest risks.

EUR 8 k of the CENIT Group's interest income (prior year: EUR 92 k) stems from fixed-interest investments with a nominal value of EUR 2 million (prior year: EUR 2 million) which were no longer held as of the balance sheet date. The interest risk arising from the fixed-interest investment was assigned low priority.

EUR 42 k of the CENIT Group's interest income (prior year: EUR 45 k) stems from floating-interest investments with a nominal value of EUR 1 million (prior year: EUR 1 million). The interest exposure from this investment would amount to EUR 4 k if interest rates changed by +/-10% (prior year: EUR 5 k).

The CENIT Group did not receive any dividends from investments in a fund associated with the money markets (balance sheet date: EUR 0 k; prior year: EUR 6 million). The fund mainly invests in money market securities and stocks and is therefore only indirectly exposed to an interest rate risk. The interest exposure arising from the investment was assigned low priority.

Liquidity risk

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

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objec-

Fig. 38 TOTAL ASSETS IN EUR K

	Dec. 31, 2008 EUR k	Dec. 31, 2007 EUR k
Total assets	39,414	36,610
Equity attributable to equity holders of the parent	25,364	26,177
Equity as a percentage of total assets	64.4	71.5

tives, policies and processes as of 31 December 2008 and 31 December 2007.

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): see Fig. 38

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: see Fig. 39

The fair value of the financial assets and liabilities corresponds to the carrying amount, as these are exclusively current assets and liabilities.

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

	Carrying amount EUR k	Carrying amount EUR k	Fair value EUR k	Fair value EUR k
	2008	2007	2008	2007
Financial assets				
Cash and cash equivalents	12,265	8,995	12,265	8,995
Financial assets at fair value through profit or loss	960	9,320	960	9,320
Loans and receivables, thereof:	18,198	13,969	18,198	13,969
• Trade receivables	15,065	13,715	15,065	13,715
• Receivables from an associate	2,977	0	2,977	0
• Sundry receivables	156	254	156	254
	31,423	32,284	31,423	32,284
Financial liabilities				
Loans and receivables, thereof:	10,533	8,349	10,533	8,349
• Current liabilities to banks	0	0	0	0
• Trade payables	5,069	3,432	5,069	3,432
• Liabilities to an associate	39	0	39	0
• Accruals	2,033	2,494	2,033	2,494
• Other liabilities	3,392	2,423	3,392	2,423
Other financial liabilities at fair value through profit or loss, thereof:	0	0	0	0
• Accruals (derivative without hedge relationship)	0	0	0	0
	10,533	8,349	10,533	8,349

G. Cash flow statement

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

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

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

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

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

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

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

H. Segment reporting

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

The presentation is based on internal reporting.

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

The EIM (Enterprise Information Management) segment focuses on the customer segment of trade

Fig. 40 CASH AND CASH EQUIVALENTS IN EUR K

	Dec. 31, 2008 EUR k	Dec. 31, 2007 EUR k
Cash		
Cash at banks	12,255	8,990
Cash on hand	10	5
Cash and cash equivalents	12,265	8,995

CENIT Aktiengesellschaft Systemhaus

Segment Reporting by Country (in accordance with IFRSs) for the Period from January 1 to December 31, 2008

in EUR k		Germany	Switzer-land	North America	Romania	France	Not allocated	Consoli-dation	Group
Internal revenue	Q1 - Q4 2008	3,392	2,062	244	709	313	0	-6,720	0
	Q1 - Q4 2007	1,471	2,280	210	334	58	0	-4,353	0
External revenue	Q1 - Q4 2008	74,630	2,885	5,841	1	0	0	0	83,357
	Q1 - Q4 2007	69,712	1,605	5,670	71	0	0	0	77,058
Segment assets	Q1 - Q4 2008	26,281	2,297	1,418	41	36	14,764	-5,474	39,363
	Q1 - Q4 2007	15,652	2,348	1,259	107	13	19,842	-2,663	36,558
Investment in an associate	Q1 - Q4 2008	51	0	0	0	0	0	0	51
	Q1 - Q4 2007	52	0	0	0	0	0	0	52
Investments in property, plant and	Q1 - Q4 2008	1,160	17	71	16	0	0	0	1,264
equipment and intangible assets	Q1 - Q4 2007	1,393	10	50	50	0	0	0	1,503

CENIT Aktiengesellschaft Systemhaus

Segment Reporting by Business Unit (in accordance with IFRSs) for the Period from January 1 to December 31, 2008

in EUR k		ECM	PLM	Not allocated	Group
External revenue	Q1 - Q4 2008	25,402	57,955	0	83,357
	Q1 - Q4 2007	28,507	48,551	0	77,058
EBIT	Q1 - Q4 2008	2,825	1,955	0	4,780
	Q1 - Q4 2007	4,955	3,409	0	8,364
Share of profit of an associate	Q1 - Q4 2008	0	-1	0	-1
	Q1 - Q4 2007	0	0	0	0
Other interest result and	Q1 - Q4 2008	0	0	479	479
financial result	Q1 - Q4 2007	0	0	604	604
Income taxes	Q1 - Q4 2008	0	0	1,924	1,924
	Q1 - Q4 2007	0	0	2,852	2,852
Net income of the Group for	Q1 - Q4 2008	2,825	1,954	-1,445	3,334
the year	Q1 - Q4 2007	4,955	3,409	-2,248	6,116
Segment assets	31.12.2008	4,447	20,065	14,851	39,363
	31.12.2007	3,942	12,774	19,842	36,558
Investment in an associate	31.12.2008	0	51	0	51
	31.12.2007	0	52	0	52
Segment liabilities	31.12.2008	3,161	9,315	1,574	14,050
	31.12.2007	4,010	5,706	717	10,433
Investments in property, plant and	31.12.2008	297	967	0	1,264
equipment and intangible assets	31.12.2007	367	1,136	0	1,503
Amortization and depreciation	31.12.2008	276	1,133	0	1,409
	31.12.2007	279	807	0	1,086

EIM = Enterprise Information Management; PLM = Project Lifecycle Management 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.

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

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

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: see Fig. 43

Fig. 41 NON-ALLOCATED SEGMENT ASSETS IN EUR K

	Dec. 31, 2008 EUR k	Dec. 31, 2007 EUR k
Deferred tax assets	0	0
Non-current income tax receivables	583	634
Current income tax assets	1,043	893
Other financial assets	960	9,320
Cash and cash equivalents	12,265	8,995
Total	14,851	19,842

Leases

Other financial obligations principally consist of tenancy obligations of EUR 5,535 k (prior year: EUR 7,565 k) entered into for the office building rented in Germany. The agreements include options to extend the terms and price escalation clause as customary in the industry.

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

2. Related parties

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

Fig. 42 NON-ALLOCATED SEGMENT LIABILITIES IN EUR K

	Dec. 31, 2008 EUR k	Dec. 31, 2007 EUR k
Deferred tax liabilities	516	256
Current liabilities to banks	0	0
Other liabilities (put option minorities, Switzerland)	0	188
Current income tax liabilities	1,058	273
Total	1,574	717

Fig. 43 FINANCIAL OBLIGATIONS IN EUR K

	Dec. 31, 2008 EUR k	Dec. 31, 2007 EUR k
Rental and lease obligations		
Due within one year	3,404	2,854
Due in one to five years	4,657	6,466
Due in more than five years	0	0
Total	8,061	9,320

Fig. 44 INCOME FROM SUBLEASE AGREEMENTS IN EUR K

	Dec. 31, 2008 EUR k	Dec. 31, 2007 EUR k
Income from sublease agreements		
Within one year	218	190
One to five years	386	523
More than five years	0	0
Total	604	713

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 42 k in the fiscal year 2008 (prior year: EUR 30 k). The business was transacted at arm's length conditions.

As of the balance sheet date, there were liabilities to related parties of EUR 19 k (prior year: EUR 7 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: organisation, Human Ressources, 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. Falk Engelmann (freelance management consultant), Leinfelden-Echterdingen, Chairman prior to 30 May 2008

- Dr. rer. pol. Dirk Lippold (CEO of Capgemini Deutschland GmbH, Berlin), Berlin, prior to 30 May 2008

- Dipl.-Ing. Andreas Schmidt (freelance 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 30 May 2008

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

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

As of the balance sheet date, the management board did not hold any shares in the Company's 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 37 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.

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

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

In accordance with Art. 14 of the articles of incorporation and bylaws, the remuneration of the supervisory board was as follows in 2008: see Fig. 46

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

	2008 EUR k	2007 EUR k
Christian Pusch		
Fixed remuneration	234	216
Performance-based remuneration	25	114
Long-term incentive	0	23
Kurt Bengel		
Fixed remuneration	191	167
Performance-based remuneration	26	98
Long-term incentive	0	14
Hubertus Manthey (left the company in 2007)		
Fixed remuneration	0	32
Performance-based remuneration	0	4
Andreas Schmidt (left the company in 2007)		
Fixed remuneration	0	128
Performance-based remuneration	0	80
Total	476	876

Fig. 46 REMUNERATION OF THE SUPERVISORY BOARD IN EUR K

	Fixed remuneration 2008 EUR k	Performance-based remuneration 2008 EUR k	Fixed remuneration 2007 EUR k	Performance-based remuneration 2007 EUR k
Andreas Schmidt	17.5	0	-	-
Hubert Leypoldt	22.5	0	22.5	0
Andreas Karrer	8.75	0	-	-
Falk Engelmann	12.5	0	30	0
Dr. Dirk Lippold	6.25	0	15	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 2008. The premiums of EUR 22,312 (prior year: EUR 22,312) were borne 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

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

„Dear Mr. Rau,

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

Yours sincerely,
Ulrich Lind Dirk Martin"

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

„Ladies and gentlemen,

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

Yours sincerely,

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

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

„Ladies and gentlemen,

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

Yours sincerely,

UBS AG

Tobias Amiet	René Frenn
Authorized signatory	Authorized signatory"

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

„Ladies and gentlemen,

We are writing to notify you that the share of voting rights held by Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte Gartenstrasse 63, 72074 Tübingen in CENIT AG, Industriestrasse 52-54, 70565 Stuttgart, exceeded the threshold of 3% as of 20 February 2007 and now amounts to 3.94% (330,000 voting rights). Of such voting rights, 2.99% can be attributed to us pursuant to Sec. 22 (1) Sentence 1 No. 2 WpHG from Baden-Württembergische Investmentgesellschaft mbH, Stuttgart and 0.95% from Universal Investmentgesellschaft mbH, Frankfurt.

Yours sincerely,

Dr. Hepp
Deputy Managing Director"

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

„Ladies and gentlemen,

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

Yours sincerely,

BWInvest
Baden-Württembergische Investmentgesellschaft mbH

Christian Steyer	Tanja Ludorf"

The Company received notification in fiscal year 2008 in accordance with Sec. 21 (1) WpHG from UNIVERSAL-INVESTMENT-GESELLSCHAFT mbH. The most recent notification is dated 2 April 2008 and is worded as follows:

„Ladies and gentlemen,

We are writing to notify you in accordance with Secs. 21 (1) and 22 (1) Sentence 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 2 April 2008 and on that date amounted to 2.92% (corresponding to 244,341 voting rights). We hold 0.51% (42,415 voting rights) directly and 2.41% (201,926 voting rights) are allocable to us in accordance with Sec. 22 (1) Sentence 1 No 6 WpHG (special funds).

We have sent this letter in copy to the Federal Financial Supervisory Agency (BaFin).

Yours sincerely,

UNIVERSAL-INVESTMENT-GESELLSCHAFT MBH
Dr. Jäger Tamme"

In a notification dated 7 October 2008, Axxion S.A. announced that its share of voting rights exceeded the threshold of 3%. The notification pursuant to Sec. 21 (1) WpHG reads as follows:

„Ladies and gentlemen,

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

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

Yours sincerely,

Axxion S.A.
Sinan Narin"

By letter dated 13 November 2008, Highclere International Investors Limited, London, notified the Company that its voting rights exceeded the 5% threshhold. The notification pursuant to Sec. 21 (1) 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. 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 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"

4. Audit and advisory fees of the auditor: see Fig. 47

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

	2008 EUR k	2007 EUR k
Fees for the audit of the financial statements and consolidated financial statements	94.5	87.0
Fees for other attestation and valuation services	0.0	0.0
Fees for tax advisory services	0.0	0.0
Fees for other services	5.0	5.0
Total	99.5	92.0

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

The management board and supervisory board of the Company have issued the declaration for 2008 required by Sec. 161 AktG and made it permanently available to the shareholders.

Stuttgart, 4 March 2009

CENIT Aktiengesellschaft Systemhaus

The Management Board

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

J. Audit opinion

We have audited the consolidated financial statements prepared by CENIT Aktiengesellschaft Systemhaus, Stuttgart, comprising the income statement, the balance sheet, the statements of cash flows and changes in equity and the notes to the consolidated financial statements, together with the group management report, for the fiscal year from 1 January to 31 December 2008. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB 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 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 (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report 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, 4 March 2009

Ernst & Young AG

Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Oesterle	Laing
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

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

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

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

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

Executive Board

Christian Pusch
(Spokesman of the management board)

Kurt Bengel

CORPORATE GOVERNANCE AT CENIT AG SYSTEMHAUS

General Comments on the German Corporate Governance Code

In recent years, the principles of value-oriented and transparent enterprise management and governance have become increasingly important for the assessment and evaluation of listed companies. In September of 2001, the Federal Ministry of up Justice took on this topic by establishing the Government Commission on the German Corporate Governance Code under the chairmanship of Dr. Gerhard Cromme. On 26 February 2002, the Commission adopted the German Corporate Governance Code; it was amended on 6 June 2008. The Code has received a basis in statutory law by virtue of the Declaration of Conformity under § 161 AktG [Public Companies Act] (inserted by the Transparency and Disclosure Act, which entered into force on 26 July 2002). § 161 AktG requires all listed companies to disclose the extent of compliance with the (non-mandatory) provisions of the German Corporate Governance Code and to provide grounds for any deviations from these provisions ("comply or explain"). This obligation is targeted primarily at meeting the expectations of international investors.

The Board of Directors and the Supervisory Board of CENIT AG Systemhaus welcome the adoption of the German Corporate Governance Code and have decided to implement and comply with the Code's rulebook within CENIT Group as widely as possible. In so doing, CENIT AG Systemhaus demonstrates that highest priority is accorded to responsible, value-oriented enterprise management and governance within CENIT Group.

Levels of Regulation

The Code encompasses three levels of regulation:

- Statutory provisions of applicable public companies law on enterprise management and governance of listed companies; these are binding on all listed companies in Germany and are thus not the object of the Declaration of Conformity.

- Non-mandatory provisions phrased as recommendations which take recognized national and international codes of conduct into account; these are the object of the Declaration of Conformity pursuant to § 161 AktG, i.e. enterprises are in principle permitted to diverge from the provisions of the Code, but are then obliged to annually disclose such divergence ("comply of explain").

- Recommendations by the Code Commission with respect to good practice and responsible enterprise management and governance which use terms such as "should" or "may" and do not require an explanation under § 161 AktG in the event of non-compliance.

Areas of Regulation

The German Corporate Governance Code regulates the following areas:

- Shareholders and general shareholders' meeting,
- Collaboration between the Board of Directors and the Supervisory Board,
- Board of Directors,
- Supervisory Board,
- Transparency,
- Accountancy and auditing.

As a listed company, CENIT AG Systemhaus is aware that its shareholders provide the required growth capital and as a result also bear business risks. Maximum transparency, open and timely communication with shareholders, efficient risk management, compliance with stock market rules, and an enterprise management focused on the generation of added value therefore already constitute important aspects of CENIT's corporate philosophy today.

The admission to trading as a listed company on the Prime Standard of the regulated market means that CENIT AG Systemhaus is already obliged to fulfil strict reporting requirements. As a result, CENIT AG Systemhaus already meets many of the recommendations contained in the German Corporate Governance Code.

Declaration of Conformity pursuant to § 161 Aktiengesetz on the German Corporate Governance Code, as amended on 6 June 2008

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. 2.3.1 Sentence 3 of the Code (Internet publication of reports and documents which must by law be submitted to the annual shareholders' meeting)

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

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

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

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

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

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

Where the Company concludes D&O liability insurance for the Board of Directors and the Supervisory Board, 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.

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

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

CENIT AG Systemhaus has complied with this recommendation since 2003.

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

The overall remuneration of the Board Members encompasses monetary remuneration, pension allowances, other allowances – particularly as granted in the event of a termination of the activity –, fringe benefits of any nature, and services by third parties which have been pledged with respect to activity on the Board or have been awarded during the respective business year [...] The Chairman of the Supervisory Board shall inform the annual shareholders' meeting of the salient features of, and amendments to, the remuneration system.

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

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

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

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

- 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.

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

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

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

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

Stuttgart, December 2008

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*

CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, STUTTGART

KENNDATEN EINZELABSCHLUSS

CENIT Aktiengesellschaft Systemhaus, Stuttgart
Balance sheet as of 31 December 2008

		31 Dec. 2008	31 Dec.2007
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		285,423.46	244
II. Property, plant and equipment			
1. Buildings on third-party land	325,459.67		429
2. Plant and machinery	1,151,924.10		1,027
3. Other equipment, furniture and fixtures	165,271.14		124
		1,642,654.91	
III. Financial assets			
1. Shares in affiliates	3,093,504.18		421
2. Equity investments	52,554.25		53
		3,146,058.43	
B. Current assets			
I. Inventories			
1. Work in process	792,530.65		760
2. Merchandise	356,606.79		103
		1,149,137.44	
II. Receivables and other assets			
1. Trade receivables	12,951,956.81		11,369
2. Receivables from affiliates	351,036.67		272
3. Receivables from other investees and investors	2,952,618.79		0
4. Other assets	1,498,596.65		1,684
		17,754,208.92	
III. Securities			
Other securities		960,000.00	9,174
IV. Cash on hand, bank balances		9,014,400.75	7,479
C. Prepaid expenses			
		1,189,373.61	104
		35,141,257.52	33,243

		31 Dec. 2008	31 Dec. 2007
EQUITY AND LIABILITIES	EUR	EUR	EUR k
A. Equity			
I. Subscribed capital		8,367,758.00	8,368
Conditional capital: EUR 520,000.00 (prior year: EUR 520 k)			
II. Capital reserves		1,058,017.90	1,058
III. Revenue reserves			
1. Legal reserve		418,387.90	418
2. Other revenue reserves		8,070,955.48	6,371
IV. Net retained profit		2,992,996.33	6,032
		20,908,115.61	22,247
B. Provisions			
1. Tax provisions	552,743.00		0
2. Other provisions	4,352,202.00		3,872
		4,904,936.00	
C. Liabilities			
1. Payments received on account of orders	2,270,109.63		1,438
2. Trade payables	2,784,078.42		2,074
3. Liabilities to affiliates	2,167,258.80		2,023
4. Liabilities to other investees and investors	39,632.37		0
5. Other liabilities	2,067,126.69		1,589
thereof for taxes: EUR 1,733,741.93 (prior year: EUR 1,370 k)			
		9,328,205.91	
		35,141,257.52	33,243

CENIT Aktiengesellschaft Systemhaus, Stuttgart
Income statement for fiscal year 2008

			2008	2007
		EUR	EUR	EUR k
1.	Revenue		75,577,265.31	71,183
2.	Increase or decrease of work in process		32,326.55	-109
3.	Other operating income		1,127,925.58	1,847
			76,737,517.44	72,921
4.	Cost of materials			
a.	Cost of raw materials, consumables and supplies and of purchased merchandise	14,377,224.16		13,547
b.	Cost of purchased services	8,016,783.13		5,315
			22,394,007.29	
5.	PERSONNEL EXPENSES			
a.	Salaries	30,001,228.43		27,781
b.	Social security costs	5,330,712.99		4,981
			35,331,941.42	
6.	Amortization, depreciation and write-downs on intangible assets and property, plant and equipment		1,017,616.06	1,039
7.	Other operating expenses		15,753,013.06	13,459
			2,240,939.61	6,799
8.	Income from equity investments thereof from affiliates: EUR 1,992,501.36 (prior year: EUR 994 k)		1,992,501.36	994
9.	Other interest and similar income including write-ups on securities classified as current assets		593,134.58	1,399
10.	Write-downs of securities classified as current assets		40,000.00	0
11.	Interest and similar expenses thereof to affiliates: EUR 54,677.37 (prior year: EUR 34 k)		175,087.43	832
12.	Result from ordinary activities		4,611,488.12	8,360
13.	Income taxes	1,674,223.71		2,412
14.	Other taxes	91,862.33		46
			1,766,086.04	
	Net income for the year		2,845,402.08	5,902

CENIT Aktiengesellschaft Systemhaus, Stuttgart

Statement of changes in fixed assets for fiscal year 2008

in EUR	Acquisition and production cost				Accumulated amortization, depreciation and write-downs				Net book values	
	1 Jan. 2008	Additions	Disposals	31 Dec. 2008	1 Jan. 2008	Additions	Disposals	31 Dec. 2008	31 Dec. 2008	31 Dec. 2007
I. Intangible assets										
Franchises, industrial and similar rights and assets, and licenses in such rights and assets	1,182,747.13	248,532.07	0.00	1,431,279.20	938,326.13	207,529.61	0.00	1,145,855.74	285,423.46	244,421.00
II. Property, plant and equipment										
1. Buildings on third-party land	874,020.13	7,789.00	0.00	881,809.13	445,102.80	111,246.66	0.00	556,349.46	325,459.67	428,917.33
2. Plant and machinery	6,118,421.45	768,776.13	277,222.08	6,609,975.50	5,091,802.28	635,596.74	269,347.62	5,458,051.40	1,151,924.10	1,026,619.17
3. Other equipment, furniture and fixtures	481,232.03	104,354.36	1,670.32	583,916.07	357,070.16	63,243.05	1,668.28	418,644.93	165,271.14	124,161.87
	7,473,673.61	880,919.49	278,892.40	8,075,700.70	5,893,975.24	810,086.45	271,015.90	6,433,045.79	1,642,654.91	1,579,698.37
III. Financial assets										
1. Shares in affiliates	4,459,050.60	2,672,557.18	0.00	7,131,607.78	4,038,103.60	0.00	0.00	4,038,103.60	3,093,504.18	420,947.00
2. Equity investments	52,554.25	0.00	0.00	52,554.25	0.00	0.00	0.00	0.00	52,554.25	52,554.25
	4,511,604.85	2,672,557.18	0.00	7,184,162.03	4,038,103.60	0.00	0.00	4,038,103.60	3,146,058.43	473,501.25
	13,168,025.59	3,802,008.74	278,892.40	16,691,141.93	10,870,404.97	1,017,616.06	271,015.90	11,617,005.13	5,074,136.80	2,297,620.62

AUDIT OPINION
(Aktiengesellschaft)

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 1 January to 31 December 2008. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

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

Our audit has not led to any reservations.

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

Stuttgart, 4 March 2009

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

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

RESPONSIBILITY STATEMENT IN THE ANNUAL FINANCIAL REPORT

(Consolidated Financial Statements)

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

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

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

Executive Board

Christian Pusch
(Spokesman of the management board)

Kurt Bengel

CENIT AKTIENGESELLSCHAFT SYSTEMHAUS, STUTTGART

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES: