

FINANCIAL REPORT 2015

CENIT Key Data 2011-2015

in million EUR	2015	2014	2013	2012	2011
Total revenue	121.47	123.39	118.92	118.85	107.84
EBITDA	12.69	11.66	10.63	11.04	8.74
EBIT	10.60	9.33	8.33	8.02	6.26
Net income	7.31	6.36	5.88	5.42	4.35
Earnings per share in EUR	0.87	0.76	0.70	0.65	0.52
Dividend per share in EUR	Proposal: 1.00	0.90	0.35	0.55	0.30
Equity ratio in %	59.6	58.8	59.5	58.7	57.0
Number of employees	628	659	671	675	657
Number of shares	8,367,758				

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PREFACE OF THE MANAGEMENT BOARD



Preface of the Management Board

Ladies and Gentlemen,

During the past business year, CENIT again attained a number of the important milestones defined in its Strategy 2018. As shown by our annual financial statement, we are continuing on our intended path to success and growth. But not only our current business figures point in the right direction: In 2015 we have also broken new ground in a number of areas; this will contribute strongly to securing the future of CENIT.

We have succeeded in significantly increasing our consolidated result, by almost 14 percent (EBIT EUR 10,601 k, (2014: EUR 9,328 k/13.6%). During the past business year, we were able to successfully place our proprietary software applications on the market. Our joint efforts have led to sales growth of 25 percent to EUR 15,949 k for CENIT software. At EUR 121,479 k, CENIT sales revenues almost reached the previous year's level (2014: EUR 123,394 k/-1.6%). The past year was thus one of the most successful in CENIT's history, even though consolidated sales did not reach the projected growth of 3 percent.

In its two business segments PLM (Product Lifecycle Management) and EIM (Enterprise Information Management), CENIT strengthened the focus on increased profitability over the past business year, with the expected positive effects on EBIT. Sales development in the PLM sphere remained at the level of the previous year, while sales revenue in the EIM segment contracted by around 9 percent.

Partner for Digital Transformation

All in all, CENIT has performed very well in a highly contested market environment. In this, we reflect the development of the German economy as a whole, which has achieved sustainable success despite the uneven and disappointing growth of the world economy.

An aspect that fundamentally affects all market players are the challenges arising as a result of rapidly growing digitization in many fields of business. In this environment, we have been able to distinguish ourselves as a partner that not only offers end-to-end IT consulting competency, but also possesses the resources needed to be able to implement the solutions we devise.

The strengths of CENIT are also in high demand on the international stage. Over the past business year, our international subsidiaries have again shown very positive development. Our sales revenue has grown in Europe, but also in the US and Japan. In 2015, CENIT's international subsidiaries contributed a share of 25 percent to total Group revenue and thus played an important part in achieving our overall result. We have seen interesting impulses arising from customer projects that we have served using international teams with staff from different business units. We will continue our course of stable and sustainable expansion of our international subsidiaries.

We will also continue to rely on our Strategy CENIT 2018 as a proven guiderail in future development. In this strategy we have formulated our vision: We strengthen the success of leading enterprises. With this objective in mind, we have established a number of cornerstones over the past year. These measures strengthen our mission, which we sum up in this guiding principle: We make our customers more competitive.

New Impulses in 2015

In spring of 2015, we expanded our PLM portfolio to the competency field “strategic consulting”. In our view, this is a core competency required in supporting businesses which are addressing digital transformation.

In autumn of last year, CENIT went public with two additional reports. One news item related to our acquisition of a majority stake in Coristo GmbH (Mannheim), which became effective on January 1, 2016. Coristo is a leading consulting provider in the field of SAP product structure management. With our involvement, we are expanding CENIT’s competency and solution portfolio for end-to-end SAP ERP/PLM solutions and boosting our position as digital transformation partner to the manufacturing industry.

The second communication concerned CENIT’s establishment of our own research division, which will open up new paths to cross-board digitization of industrial manufacturing processes. Above and beyond our broad information technology knowhow in the “Industry 4.0” sphere, CENIT also brings specific industry expertise and precise knowledge of important manufacturing technologies to the table. Not least, our research results will also contribute to the development of our own software. CENIT considers our proprietary software as a core factor in exploiting new growth opportunities.

During the second half of the year, CENIT undertook a brand evaluation exercise. This resulted in a general rebranding aimed at making the strengths of CENIT even more visible to the market. We will be perceived as *the* partner for successful digital transformation.

Our Commitment to Employees and Society

The new image of our enterprise has evolved from the core characteristics that define CENIT, and we have earned these qualities from our staff. It is they who give us the outstanding achievements that we intend to communicate in our new brand profile. To support our employees in this endeavor, we have again pursued our active personnel management goals during the past year. For example, we have expanded our “CENIT Campus” training program and intensified our efforts to promote top employees and management staff.

For many years now, CENIT has helped young professionals make a start in the job world. In 2015, we were able to support more than 40 trainees in various occupations and fields of study. In the coming years, we intend to continue promoting young talent in this way. We consider this to be an integral part of our entrepreneurial responsibility.

We will also continue to pursue our social commitment. Since 2013 we have our own program in place for this purpose: the “CENIT Cares” initiative. In 2015, we were again able to support a wide range of aid projects instigated by our employees. During the past year, our employees have involved CENIT in social fields of action such as development cooperation, cancer rehabilitation, family aid for seriously ill children, proactive assistance for senior citizens, as well as integration promotion.

Outlook: The Right Business Model as the Foundation of Continued Success

The changes that come with digitization are all around us, both privately and professionally. In our personal life planning, we are increasingly coming to expect that products and services should be offered to us directly, at maximum quality, and tailored to our very specific needs. Manufacturing enterprises and service providers must adapt to these changing customer-side expectations. They have to implement changes quickly and continually optimize their processes. And this is where CENIT comes in.

Because our products and services address precisely this core aspect of business life, we believe that we can expect stable business development, with growth rates above the ITC industry average.

A core task remains the strategic expansion of our proprietary software portfolio. Equally, we will continue our trust-based collaboration with our partners Dassault Systèmes, IBM and SAP. In the new year, we intend to boost the visibility of our overall competency. And finally, we will initiate internal processes that further strengthen our capacity to change, so as to be prepared for the challenges of digital transformation in our own right.

The Management Board thanks all employees of CENIT Group and the members of the Supervisory Board for their personal commitment and their successful work in 2015. Our thanks also go to all shareholders, customers and business partners who have shown CENIT their trust during the past business year. Stay with us in the new business year with the same drive, commitment and interest in the future!

Yours sincerely,

The Management Board



Kurt Bengel
Spokesman, Management Board



Matthias Schmidt
Member, Management Board

REPORT OF THE SUPERVISORY BOARD



Report of the Supervisory Board

Dear Shareholders,

During the past business year, CENIT has continued its positive development. In this past business year, the Supervisory Board judiciously and conscientiously performed all duties to which it is obligated by law and the Articles of Association. We regularly advised the Management Board on its governance of the enterprise, carefully and continually monitored its conduct of business and in so doing satisfied ourselves as to the lawfulness, expediency and correctness of its activities.

The Management Board directly involved the Supervisory Board in all decisions of fundamental import to the enterprise. In the Supervisory Board sessions, the Management Board informed us orally and in writing on all relevant aspects of business strategy and enterprise planning, including financial, investment and personnel planning, the course of business and the financial situation and profitability of CENIT Group. The reports also examined the risk situation as well as risk management and compliance matters. Further, we were apprised of deviations between the business planning and the actual course of business.

The Supervisory Board considered the planning of the Management Board for the 2016 business year as well as the medium-term orientation of the enterprise. During inter-sessional periods, the Management Board kept the Supervisory Board apprised of the most important business indicators by providing monthly reports, and duly presented for our consideration such matters as required Supervisory Board approval. The reports by the Management Board on the business situation and presentations on special matters of interest were supported by written presentations and documents; these were duly dispatched to each Supervisory Board member to permit sufficient pre-session preparation. The collaboration between the Management and Supervisory Boards is characterized by close, trust-based cooperation and open, constructive dialog.

Over the past year, the Supervisory Board held five regular sessions and two extraordinary telephone conferences for detailed discussions on the business situation, the strategic development and the long-term positioning of CENIT Group. All members of the Supervisory Board participated in each of these events. In its own estimation, the Supervisory Board possesses an appropriate number of members, who maintain no business or personal relations with the Company or members of the Management Board such as could give rise to a conflict of interests. In Mr. Hubert Leypoldt, we have an independent financial expert acting as a member of the Supervisory Board. As in previous years, the Supervisory Board did not consider it necessary to form committees in view of the low number of Supervisory Board members. During the reporting period, no conflicts of interest arose on the part of Supervisory Board members.

Matters addressed by the Sessions of the Supervisory Board

The Management Board provided information on the development of sales and earnings within CENIT Group to all Supervisory Board sessions held during the reporting year 2015. Additionally, it elucidated the course of business in the individual business segments and reported on the asset, financial and earnings situation. In this context, we placed particular emphasis on potential consequences for risk and liquidity management.

Financial Reports/Audits

During its balance sheet session of March 20, 2015 and in the presence of the statutory auditor/Group statutory auditor, the Supervisory Board considered the annual financial statements of CENIT. The annual financial statement of CENIT Aktiengesellschaft and the consolidated annual financial statement for the 2014 business year, both prepared by the Management Board, were reviewed, also taking into consideration accountancy reports as well as the Situation Report and Consolidated Situation Report prepared by BDO Aktiengesellschaft Wirtschaftsprüfungsgesellschaft [Auditing Company], Stuttgart, which was chosen as annual auditor by the regular General Meeting of Shareholders on May 16, 2014. In particular, and in detailed discussions with the Management Board and the auditor, the Supervisory Board reviewed the submitted annual financial statement and consolidated annual financial statement as well as the respective Situation Reports, also taking the underlying accounting policy into consideration. On the basis of the audit reports and in individual discussions, the Supervisory Board further considered the results of the audit of the annual financial statements. The Supervisory Board was satisfied that the audit and the audit reports fulfilled the requirements of §§ 317, 321 HGB [Commercial Code]. The annual financial statements for 2014, prepared by the Management Board and awarded with unqualified audit certificates by the auditor, were conclusively reviewed during the balance sheet session. On March 20, 2015 the Supervisory Board approved the 2014 annual financial statement of CENIT Aktiengesellschaft and noted the 2014 consolidated financial statement with approval. Upon review, the Supervisory Board endorsed the Management Board's proposal for the appropriation of balance-sheet profits.

In its session of March 20, 2015 the Supervisory Board also considered the business situation during the 1st Quarter of 2015. The session further focused on preparations for the General Meeting of Shareholders on May 13, 2015. The Digital Factory Solutions (DFS) unit presented the progress of ongoing development of CENIT's proprietary software FASTSUITE Edition 2.

Further Matters addressed by the Sessions

During the course of the year, the Supervisory Board was continually kept informed of periodic financial results and undertook detailed discussions with the Management Board on the 2015 semi-annual financial statement as well as the interim reports for the individual Quarters. A consistent focus of these discussions was on the review of developments in earnings and sales during 2015 as well as the updated 5-year plan "CENIT 2020".

In an extraordinary telephone conference on January 15, 2015 the Management and Supervisory Boards engaged in detailed consultations on the benefits and potential framework conditions of a concrete mergers & acquisitions (M&A) situation.

The second ordinary session of the business year was held on May 13, 2015 in follow-up to the General Meeting of Shareholders. Topical content was the course of business of CENIT Aktiengesellschaft as well as forecasts for the first half of 2015. The discussions also focused on the current status of M&A activities as well as business with major significance for profitability and liquidity.

In the extraordinary telephone conference on September 1, 2015, resolution proposals regarding the acquisition of shares of Coristo GmbH were presented and discussed.

During its ordinary session of September 18, 2015 the Management Board elucidated the business situation during the 3rd Quarter. The session also considered scheduling matters for the year 2016. The Director of the EIM segment gave a presentation to introduce his segment. The meeting also discussed further acquisition options.

Discussions during the session of November 6, 2015 focused on business development during the 4th Quarter. The Risk Management Report as well as information on possible mergers & acquisitions projects were presented to the Supervisory Board. Additionally, the Management Board reported on the situation of the ECM business unit as well as the status of CENIT software products.

During the last ordinary session of the year on December 11, 2015 the Supervisory Board considered CENIT's planning for the 2016 business year and the updating of the strategic 5-year plan "CENIT 2018", as well as the strategic continuation of planning in the form of "CENIT 2020". The business situation of the ECM unit was discussed in detail. Various M&A options were also examined.

Risk Management

An important topic addressed at several sessions was risk management within CENIT Group. The Management Board reported on the chief risks for the enterprise and the risk monitoring system put in place to address them. In a series of discussions with the Management Board and several meetings with the annual auditor, the Supervisory Board satisfied itself of the effectiveness of the risk monitoring systems.

Corporate Governance

On an ongoing basis, we reviewed particulars of corporate governance matters within CENIT Group, including the amendments of the German Corporate Governance Code adopted by the Government Commission. The Supervisory Board is convinced that good corporate governance constitutes a significant foundation for the success, reputation and self-image of the enterprise. For this reason, the Supervisory Board has continually monitored and considered the ongoing development of corporate governance standards and their implementation within CENIT. This also included regular verification of the efficiency of our own activities. Particular attention – also in our discussions with the annual auditor – was accorded to the continual lawfulness of business management and the efficiency of enterprise organization. A culture of continually responsible and lawful conduct, and an awareness of its existential significance to the enterprise, are well entrenched within CENIT and its acting bodies. In accordance with Article 3.10 of the German Corporate Governance Code, the Management and Supervisory Boards report on corporate governance at CENIT in their Corporate Governance Report. In its session of February 13, 2015 the Supervisory Board issued its Declaration of Conformity with the German Corporate Governance Code in its version of June 24, 2014, in accordance with § 161 AktG, and has made this declaration available to the Company's shareholders on the Company's website.

Balance Sheet Session 2016 on the Annual and Consolidated Annual Financial Statements 2015

Accounting reports, the annual financial statement including the Situation Report for the 2015 business year, as well as the consolidated financial statement including commentary and Group Situation Report for the 2015 business year were audited by BDO Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Stuttgart, who were chosen as annual auditor and consolidated annual auditor by the General Meeting of Shareholders on May 13, 2015. In accordance with its duties, the Supervisory Board reviewed the qualification, independence and efficiency of the auditor.

The auditor has issued unconditional audit certificates for the 2015 annual and consolidated annual financial statements of CENIT as prepared by the Management Board, including the Situation Report and Group Situation Report. The annual financial statement of CENIT Aktiengesellschaft was prepared in accordance with the principles of commercial law. The consolidated annual financial statement follows the International Financial Reporting Standards (IFRS). All members of the Supervisory Board had full and complete access to the financial statement documents and audit reports. The Supervisory Board has discussed the annual auditor's report intensively with both the Management Board and the auditor, in order to satisfy itself as to its legality and propriety. The Supervisory Board is confident that the annual auditor's reports for 2015 were fully compliant with statutory requirements.

Prior to the sessions, the Management Board supplied all members of the Supervisory Board with comprehensive reports and excerpts from documents of the Company, particularly accountancy documentation. On the basis of this and other information requested by the Supervisory Board during and between sessions, the Supervisory Board was able to fulfill its supervisory duties duly and properly.

During the balance sheet session on March 18, 2016 the annual auditor reported on the essential results of the audit of the financial statement of CENIT Aktiengesellschaft and was available to provide additional information and respond to queries. On this occasion, all members of the Supervisory Board were able to satisfy themselves that the audit has been conducted in compliance with statutory requirements and in an adequate manner.

As a conclusive result of its own review in accordance with § 171 Aktiengesetz, the Supervisory Board noted that no objections were to be raised.

In its session of March 28, 2016 the Supervisory Board endorsed the annual financial statement for the 2015 business year as prepared by the Management Board, and thus issued its approval in accordance with § 172 Aktiengesetz. Likewise in its session of March 18, 2016 the Supervisory Board endorsed the consolidated financial statement for the 2015 business year.

Upon review, the Supervisory Board endorsed the proposal of the Management Board for the appropriation of balance-sheet profits.

The Supervisory Board wishes to thank the Management Board and all CENIT employees throughout the world for their personal commitment, their achievements and their performance, which have contributed decisively to the successful conclusion of the past business year.

Stuttgart, March 2016

For the Supervisory Board

A handwritten signature in black ink, appearing to read 'A. Schmidt'. The signature is written in a cursive style with a large initial 'A'.

Dipl.-Ing. Andreas Schmidt
Chairman, Supervisory Board

MANAGEMENT REPORT



Combined Management Report of the Company and the Group for the Fiscal Year from 1 January 2015 to 31 December 2015

The CENIT Group is managed globally by the parent company CENIT AG as an operating company. The Group's economic situation is shaped by the economic situation of the parent, CENIT AG. For this reason, the management board of CENIT AG combines the management report of the Group and of CENIT AG together in one report.

Corporate information

Business model of CENIT

CENIT has two business divisions - Product Lifecycle Management (PLM) and Enterprise Information Management (EIM).

CENIT is the specialist for the core processes of its customers, focusing on the manufacturing industry and the financial services industry. The consultancy, service and software offering of the CENIT Group is based on standard products by its software partners as well as CENIT's own solutions based on those standard products. Leading software providers such as Dassault Systèmes, IBM and SAP are partners to the Company. The employees in the CENIT Group have a deep understanding of the processes and technologies in the target industries and thus provide the customers with tailored industry support in the planning, implementation and optimisation of their business and IT processes.

To allow the customers to concentrate on their core competences, the CENIT Group also manages the applications and the related IT infrastructures.

CENIT's strategy is geared to sustainable profitable growth. For this reason, we focus just as much on the employees and technology partnerships with the partners as on efforts to give the customers a competitive edge with CENIT solutions.

Equity investments / Subsidiaries

CENIT is headquartered in Germany (Stuttgart) and represented in the principal industrial centres there. In addition, the US market is served by a subsidiary located near Detroit. CENIT has further locations in Switzerland, Romania, Japan and France. The French CENIT subsidiary based in Toulouse supports the leading aerospace company Airbus Group directly on site. The domestic and foreign companies included in the consolidated financial statements are consolidated in accordance with the uniform accounting and valuation methods in the CENIT Group. The companies use the same accounting and valuation methods as CENIT AG in Germany. The subsidiaries specialise in services and software. In addition, CENIT AG holds one third of the joint venture CenProCS AIRliance GmbH. The joint venture provides services and consulting for the joint major customer Airbus Group.

Control system

The management board of CENIT AG is responsible for the overall planning and the realisation of the long-term objectives of the Group. The uppermost goal of corporate development is to raise the business value on a long-term basis by means of profitable growth. The planning required to control the operational units as well as the resulting measures are derived from the long-term corporate planning, taking into account the developments in the competitive and market environment.

The relevant key performance indicators for the economic objectives are revenue, gross margin, costs as well as earnings before interest and taxes (EBIT). An individualised system of profit participation is in place to motivate employees to be committed to meeting the agreed targets. On an annual basis, the management board defines measures and measurable milestones for CENIT to use to reach its long-term objectives. Short-term control takes the form of a variance analysis with the annual plan. As part of this planning process, the persons responsible make an initial assessment of the development of major income statement items such as revenue, profit contribution, selling and administrative costs, EBIT as well as of the employment situation.

The fiscal year is planned by the business units and by the management board by means of a separate bottom-up and top-down planning process. At joint planning rounds, these assessments are tested for plausibility, supported and finally presented by the management board to the supervisory board for approval. As part of this planning process, the current five-year plan is also examined and rolled forward every two years.

To assess the business development at regular intervals – variance analysis – the operating units are provided with detailed reports in order to allow the best possible business control. The management board analyses variance analyses every month together with each operating unit in order to initiate necessary adjustment measures on a timely basis.

However, many financial ratios that are critical to success are not quantifiable or can only be quantified indirectly. These include factors such as the reputation of the brand, customer satisfaction, employee qualifications, experience and motivation as well as their leadership qualities, and also the corporate culture. All of these factors can only be described in qualitative terms at best. To do this, CENIT uses tools such as customer surveys and the annual employee survey in order to counter adverse developments.

Research and development

A further goal is to continue to strengthen innovative power. For this reason, CENIT raised its R&D expenses to EUR 8,049 k in the fiscal year 2015. The business units of CENIT focus their R&D efforts on the next generation of their products and solutions and prepare for their successful market launch. The close cooperation with the product and client-facing areas allows CENIT to offer customised solutions. In addition to selling standard software, the CENIT Group develops its own programs to supplement and extend these solutions. The Group's software solutions are based on products from Dassault Systèmes, such as the PLM software CATIA, ENOVIA or DELMIA, or on IT solutions from IBM and SAP. The software expertise and decades of industry experience allow CENIT to optimise the productivity and data quality of its customers with its own CENIT solutions. The CENIT Group offers more than 20 of its own solutions in total in its business divisions.

Innovation is progress. Consequently, research and development are of central importance for the further achievement of the Group's objectives. CENIT's activities in this area are constantly being expanded. At the same time, CENIT thus enhances its position in relation to its competitors. A marginal rise in innovation costs is planned once again in the fiscal year 2016.

Report on economic position

Overall economic conditions

Although the expansion of the global economy lacked some dynamism in 2015, the expected economic collapse did not eventuate. The International Monetary Fund (IMF) had predicted growth of 3.5% for 2015 back in 2014, but in fact the global economy grew by only 3.1%. Most members of the German Council of Economic Experts are in agreement in their forecasts for the coming two years. According to those forecasts, growth will total between 3.1% and 3.4% for the current year, rising to between 3.6% and 3.8% for 2017.

The head of the IMF, Christine Lagarde, has stated the principal reasons for the uneven and disappointing rates of growth in the global economy as the economic downturn in China as well as the prospect of rising interest rates in the USA. A turnaround in the US interest rate could pose problems in particular for emerging and developing countries whose economic stimulus programmes are financed with US dollar loans. According to Lagarde, other factors contributing to the uncertainty include the refugee crisis as well as the tensions in the Middle East and North Africa, which extended to Europe in the form of the Paris attacks.

Germany

Despite the difficult international environment, Germany is still on a stable course for growth. According to the Federal Ministry for Economic Affairs and Energy, the gross domestic product (GDP) grew by 1.7% in the past year for example. At 6.4%, unemployment has dropped to the lowest rate since German reunification, and the number of persons in employment continues to be at record levels, with 43 million people employed. With 78% of people in employment, this means that Germany has the second-highest employment rate in Europe after Sweden (80%). In the past year, real gross wages and salaries per employee increased at the highest rate in more than two decades at over 2.5% – also thanks to the minimum wage. 2015 was another record year for foreign trade. The Statistisches Bundesamt (Federal Statistical Office) quoted exports as having risen by 6.4% in a year-on-year comparison, while imports were up 4.2%. Most of the goods exported, with a total value of around EUR 1.2 billion, went to other EU member states (+7%). Exports to third countries rose by 5.6%. Private consumption also shored up the economy in the past fiscal year, expanding higher than expected at 1.9%. This was due among other things to the low oil price and the comparatively weak euro as well as the low rate of price increases of 0.3%.

Economic experts are predicting GDP growth of between 1.7% and 2.2% for 2016 compared with 2015. The pace of economic development is expected to be sustained, thanks in the main to the domestic economy – especially consumer spending – but also to capital expenditures. The rising purchasing power of persons in dependent employment is based on the favourable structural position on the labour market. Private consumption is gaining in momentum on the back of major increases in income and the lasting rise in employment. By contrast, the decline in growth in many emerging countries could have a dampening effect. Overcoming the refugee crisis also poses new and major challenges for financial and economic policy. The German government estimates approximately one million asylum-seekers in the past year and expects a further 800,000 refugees in 2016.

Minister of Finance Wolfgang Schäuble stated that the Federal Government had recorded a budget surplus of EUR 12.1 billion in the past year, which is now to be used to fill reserves in order to finance the additional payments needed for the accommodation and integration of refugees. The positive development on the labour market is set to continue despite strong immigration, however, and the unemployment rate is expected to remain around the same level at 6.4% for the current year.

Europe

The euro-zone economy regained momentum in 2015 despite numerous crises. A GDP increase of 1.5% was achieved in spite of the more negative forecasts.

Leading research institutes are also predicting modestly optimistic economic prospects for Europe in the current year. After a long period of sluggish development, industry in the euro zone was able to start the new year positively. With industry in Greece recently returning to growth, all of the countries included are now contributing to the recovery.

Experts see GDP rising by up to 1.8% in 2016, with unemployment continuing to fall to as far as 9.5% in 2017. The reasons cited for this development lie in the ongoing strong stimulating effects of fiscal policy, a weak euro, a lack of fiscal restrictions on budget consolidation and the lasting drop in the oil price. They see a lack of dynamism in the global economy as being responsible for the mere moderate growth rates.

The large numbers of refugees currently arriving in Europe go hand in hand with considerable additional government spending. Nevertheless, immigration could result in a brief spike in economic development in most of the countries concerned and could increase GDP growth rates in countries like Germany or Finland. But if the European countries do not agree on a common strategy for resolving the refugee crisis and if even more Schengen borders are closed, concerns about the future of the EU could gain in significance and undermine popular support, which could in turn have a negative impact on the economic mood and on consumption.

USA

As in the prior year, the US economy grew 2.4% in 2015. This growth was driven chiefly by private consumption, which has noted the sharpest increase in the past ten years. Unemployment dropped significantly to 5.3%. In December, the US Federal Reserve (Fed) took the bold step of raising interest rates. This first increase in almost ten years marked the end of the era of cheap money. Although the monetary watchdogs only tightened the fiscal policy reigns slightly, this has a major impact on international financial markets. For example, the pace of growth in the world's largest national economies slowed in the fourth quarter of 2015. Industry in particular was very weak of late. Other factors hampering the economy included the strong dollar, the weakness in the emerging countries as well as problems amongst oil-extracting companies.

Nevertheless economic experts are predicting a recovery in the coming quarters. In 2016, they expect GDP to grow by between 2.5% and 2.8% and unemployment figures to continue to slide. However, they say, this will depend on whether the Fed follows through on plans to raise interest rates further, which could cool down the economy.

Japan

Following on from recent declines in growth figures, we are now seeing a slight recovery in Japan's economy. GDP rose 0.6% in 2015, and the labour market is proving very robust despite the weak economic environment. For example, employment increased over the course of the year, with the unemployment rate running at a very low level of 3.4%.

Financial policy is expected to remain restrictive against the backdrop of high public debt levels. While there are plans to reduce corporate taxes over time, substantial savings in government spending has to be achieved.

Economic experts expect continued GDP growth of 0.6% in 2016 as well as an inflation rate somewhere in the region of 0.9%. Increasing real incomes at household level are likely to boost private consumption and thus ensure moderate economic recovery.

Economic conditions in the industry

2015 saw global sales with products and services in information technology and telecommunications grow more strongly than expected by 3.8% to EUR 2.81 billion, with the global IT market recording a 3.1% rise to EUR 1.19 billion. Sales with software rose by 6.8% to EUR 331 billion, while sales with IT hardware remain sluggish at EUR 339 billion. There was a 2.8% rise in sales with IT services to EUR 515 billion.

In an international comparison, it was the Indian and Chinese markets that accounted for the highest growth. For example, ITC spending in India climbed 9.8% to EUR 52.4 million. This puts India ahead of China, where sales with ITC products and services were increased by 8.1% to EUR 328 billion.

According to BITKOM, German sales with ITC products and services rose 1.9% to EUR 156 billion in 2015. BITKOM had previously been assuming a sales increase of just 1.5%. According to BITKOM CEO Dr. Bernhard Rohleder, this pleasing development is thanks to three main contributory factors: significantly better business with IT hardware such as servers and semi-conductors, a strong rise in sales of smartphones and a positive development in internet access. The top growth rates of over 5% were recorded with sales of end devices and smartphones (+5.5%) as well as software (+5.4%), while sales with telecommunication services (-0.3%) and consumer electronics declined (-3.8%).

As in the previous years, the industry growth driver was information technology. According to BITKOM, sales increased by 3.5% to EUR 80.4 billion in 2015. Software grew by 5.4% to EUR 20.1 billion. Business with IT services such as IT advisory services and the project business grew continuously in recent years to record a sales increase of 3.0% to EUR 37.3 billion. "As part of the digital transformation, providers are benefiting from companies across all industries gearing their business to digitalisation", according to Rohleder. There was a surprisingly positive trend in sales with IT hardware, which were up 2.8% to EUR 23 billion. According to BITKOM, this is owing to a rise in demand for servers alongside in particular a strong rise in sales with semi-conductors. We are experiencing increased connectivity in industrial manufacturing as well as a real digital boom in the automotive industry. Industry 4.0 and intelligent mobility are enhancing demand for semi-conductors. Nowadays cars are already high-performance computers, and in future they will become networked data centres.

The industry association expects growth of 1.5% to EUR 158.4 billion in 2016 for the ITC market as a whole. Business with PCs is likely to be weaker, and end devices for telecommunications are expected to reach market saturation.

Summary of business development

2015 was one of the most successful years for CENIT in spite of the fact that it was not possible to grow the Group's sales by the targeted 3%. EIM sales were down 9% in 2015. Due to the focus on raising profitability, unprofitable possibilities given on market were not used to reach the sales target. Sales grew by just 0.4% in the area of PLM. The focus on profitability in the past fiscal year led to a rise in EBIT of 54% to EUR 1,475 k (prior year: EUR 956 k) in the field of EIM and of 9% to EUR 9,125 k (prior year: EUR 8,372 k) in the field of PLM.

Earnings per share improved by 14.5% to 0.87 EUR per share. The main contributory factor here was the sale of own software, which was grown by more than 25% to EUR 15,949 k.

The changed product mix had a key contribution in raising EBIT by 13% to EUR 10,601 k.

Business at CENIT AG developed in line with the CENIT Group. The planned sales target of EUR 103,868 k could not be achieved, with sales down 5% in a year-on-year comparison. EIM sales were down 3% in 2015, with PLM sales down 5%.

The focus on raising profitability meant that not all possibilities on the market were used to reach the sales target. The focus on profitability in the past fiscal year led to a 3% rise in EBIT to EUR 7,363 k.

Results of operations of the CENIT Group (in accordance with IFRS)

Breakdown of sales by product/income type

in EUR k	2015	2014
CENIT consulting and service	50,862	53,943
CENIT software	15,949	12,728
Third-party software	54,391	56,251
Merchandise	277	472
Total	121,479	123,394

Breakdown of sales by business segment

in EUR k	2015	2014
EIM Sales	23,540	25,822
PLM Sales	97,939	97,572
Total	121,479	123,394

75.9% (prior year: 80.1%) of sales was generated in Germany, 10.7% (prior year: 10.7%) in other EU countries and 13.4% (prior year: 9.2%) in other countries.

The CENIT Group generated more or less stable revenue of EUR 121,479 k in the fiscal year 2015 (prior year: EUR 123,394 k/-1.6%). Revenue from CENIT consulting and services dropped by 5.7%. Likewise, sales with third-party software fell by approximately 3.3%. At EUR 15,949 k, sales with CENIT's own software were up substantially compared to EUR 12,728 k in the prior year (25.3%). It was chiefly the software products FASTSUITE and CENITCONNECT in the area of PLM and IBM ECM System Monitor as well as ECLISO in the area of EIM that were sold successfully to the end customers.

KPIs relating to the development of earnings

in EUR k	2015	2014
Gross profit	76,379	75,200
EBITDA	12,696	11,662
EBIT	10,601	9,328
Total financial result	20	77
Net income for the year	7,316	6,358

Gross profit (operating performance less cost of materials) totalled EUR 76,379 k (prior year: EUR 75,200 k), thus up slightly by 1.6%. The gross profit margin in relation to total performance rose marginally from 60.6% to 62.0%. Personnel expenses decreased by EUR 575 k or 1.2% in the fiscal year compared to the prior year. Performance-related pay slipped slightly to EUR 4,009 k (prior year: EUR 4,064 k). CENIT achieved EBITDA of EUR 12,696 k (prior year: EUR 11,662 k/8.9%) and EBIT of EUR 10,601 k (prior year: EUR 9,328 k/13.6%). As a percentage of operating performance, the EBITDA margin rose from 9.4% to 10.3%.

in EUR/share	2015	2014
EPS	0.87	0.76

Earnings per share (EPS) were up in a year-on-year comparison from EUR 0.76/share to EUR 0.87/share.

CENIT (Schweiz) AG, Effretikon, Switzerland

The subsidiary generated revenue of EUR 11,877 k in the past fiscal year (prior year: EUR 11,368 k) and EBIT of EUR 715 k (prior year: EUR 767 k). The business activities in Switzerland focus on PLM solutions from Dassault Systèmes and EIM solutions from IBM. The 17 employees in total from the branches in Effretikon and Yverdon-les-Bains mainly support customers from the manufacturing industry and the financial services industry.

CENIT North America Inc., Auburn Hills, USA

CENIT North America Inc. generated sales of EUR 14,860 k (prior year: EUR 11,486 k) and EBIT of EUR 2,780 k (prior year: EUR 2,272 k). In the USA, the focus is on marketing CENIT software products in the area of PLM. The company's attention centres on customers in the aerospace industry and the manufacturing industry. 37 employees work in service and sales units.

CENIT SRL, Iasi, Romania

CENIT SRL generated sales of EUR 2,401 k (prior year: EUR 1,868 k) and EBIT of EUR 385 k (prior year: EUR 249 k). It has 35 employees and primarily provides services and drives software developments. CENIT SRL's business activities also focus on marketing software of the strategic partner Dassault Systèmes in the PLM environment.

CENIT France SARL, Toulouse, France

Effective 1 January 2015, SPI Numérique SARL, which was acquired in 2014, was merged into CENIT France SARL. CENIT France SARL generated sales of EUR 2,279 k (prior year: EUR 1,110 k) and EBIT of EUR -29 k (prior year: EUR 74 k).

CENIT Japan K. K., Tokyo, Japan

CENIT Japan K. K. generated sales of EUR 1,026 k (prior year: EUR 639 k) and EBIT of EUR -30 k (prior year: EUR -129 k). CENIT has already been selling its own software and consultancy products in Japan via local partners for some years now. By having its own CENIT location, the Group wants to emphasise the importance of the market going forward. The focus of CENIT Japan K.K. relates to digital factory solutions.

CenProCS AIRliance GmbH, Stuttgart, Germany

The joint venture between CS Communication & Systèmes, CENIT AG and PROSTEP AG was founded in 2007 and allows the major customer Airbus Group access to proven know-how and expert knowledge via just one contractual partner. CENIT AG holds a one-third share in the joint venture. It is reported at equity in the consolidated financial statements. CenProCS AIRliance GmbH publishes its own annual financial statements.

Development of orders

Order intake in the CENIT Group amounted to EUR 124,901 k in the past fiscal year 2015 (prior year: EUR 122,552 k). The order backlog as of 31 December 2015 amounted to EUR 37,914 k (prior year: EUR 34,578 k).

Results of operations in CENIT's separate financial statements (in accordance with HGB)

Breakdown of sales by product/income type

in EUR k	2015	2014
CENIT consulting and service	41,839	46,488
CENIT software	13,742	10,887
Third-party software	42,957	46,025
Merchandise	276	468
Total	98,814	103,868

Breakdown of sales by business segment

in EUR k	2015	2014
EIM	21,916	22,495
PLM	76,898	81,373
Total	98,814	103,868

CENIT AG generated revenue of EUR 98,814 k in the fiscal year 2015 (prior year: EUR 103,868 k). Consulting and service experienced a year-on-year decline of 10.0%. The share of sales with third-party software amounted to EUR 42,957 k (prior year: EUR 46,025 k), while sales of CENIT's own software rose to EUR 13,742 k (prior year: EUR 10,887 k).

KPIs relating to the development of earnings at CENIT AG

in EUR k	2015	2014
Gross profit	60,320	63,750
EBITDA	8,612	8,418
EBIT	7,363	7,158
Total financial result	3,452	2,227
Net income for the year	8,406	7,029

The Company's gross profit amounted to EUR 60,320 k (prior year: EUR 63,750 k). The gross profit margin in relation to total performance stood at 59.9% (prior year: 60.6%).

CENIT AG achieved EBITDA of EUR 8,612 k after a figure of EUR 8,418 k in 2014 (2.3%). The EBITDA margin is 8.7%. EBIT stood at EUR 7,363 k compared to EUR 7,158 k in the prior year (2.9%). Amortisation of intangible assets and depreciation of property, plant and equipment dropped by EUR 13 k to EUR 1,248 k.

In a year-on-year comparison, personnel expenses fell by EUR 2,583 k (6.3%). The average headcount dropped from 558 to 519 in a year-on-year comparison.

The financial result contains distributions of the subsidiaries in Romania amounting to EUR 224 k (prior year: EUR 162 k) and USA amounting to EUR 3,186 k (prior year: Switzerland amounting to EUR 1,939 k).

Development of orders

Order intake at CENIT AG amounted to EUR 100,475 k in the past fiscal year 2015 (prior year: EUR 101,617 k). As of 31 December 2015, the order backlog at CENIT AG amounted to EUR 28,601 k (prior year: EUR 28,491 k).

Financial position of the CENIT Group (IFRS)

There are no liabilities of any kind to banks, either short-term or long-term. Credit lines of EUR 1,092 k granted are currently not being utilised. The amount of cash and cash equivalents that is temporarily not required to finance operations is invested on a short-term and sometimes also on a medium-term basis with an adequate risk/return ratio. All of the capital expenditure in non-current assets was financed without external funding in the reporting year. The strong financial position allows financing to come from company funds on a long-term basis.

KPIs from the statement of cash flows in the Group

in EUR k	2015	2014
Cash flow from operating activities	9,465	9,401
Capex (investments)	-1,643	-303
Free cash flow*	7,822	9,098
Free cash flow per share in EUR	0.93	1.09
Cash flow from financing activities	-7,531	-2,929
Cash and cash equivalents as of the balance sheet date	33,941	33,250

*operating cash flow less capex

The cash flow from operating activities increased marginally on the prior year. The net cash used for investing activities rose from EUR 303 k to EUR 1,643 k. The prior-year figure was positively influenced by the repayment of other financial assets of EUR 2,000 k. Cash and cash equivalents at the end of the reporting period thus total EUR 33,941 k, increasing by a total of EUR 691 k.

Securing liquidity

In addition to financial planning, CENIT carries out monthly liquidity planning. Any liquidity surplus is used in a targeted manner for the financing of projects, software developments, investments and the expansion of national companies.

Both CENIT AG and its group entities were always able to meet their payment obligations in the fiscal year 2015.

Financial position of CENIT AG (in accordance with HGB)

The liquidity as of the balance sheet date fell from EUR 27,126 k in the prior year to EUR 26,727 k in the past fiscal year. The rise in cash inflows from ordinary operations stems first and foremost from the increase in the net income for the year as well as the reduction in other assets. The dividend of EUR 0.90 per share decided at last year's shareholder meeting led to a cash outflow of EUR 7,531 k.

Proposed dividend

The management board and supervisory board will propose to the shareholder meeting on 6 May 2016 that a dividend of EUR 0.50 and a base dividend of EUR 0.50 per share announced in the prior year be distributed from the retained earnings of EUR 8,437 k. The proposed dividend for 2015 is thus EUR 1.00 per share. The Group continues to assume that the economic development will be stable in the coming months. Experience has shown that it makes sense to secure liquidity for the long term and to maintain financial independence in times of crisis. Ultimately, CENIT's strong financial position also constitutes a decisive competitive advantage in the awarding of contracts, in that it lends the necessary security to customers' investment projects, also with a view to the services and software products of the CENIT Group. The other existing cash and cash equivalents should enable CENIT to continue to participate in the growth of the target markets going forward – in the interest of the Group and its shareholders and to the

extent that this appears sensible. This includes, for example, measures to expand service and software activities. Interesting acquisitions will therefore be viewed and examined on a continuous basis. But the further technological expansion in terms of new areas and software development also requires capital.

Consequently, the financial strategy remains geared to maintaining a strong credit rating in the long term that does, however, also take into account the interests of the shareholders in receiving a dividend.

Net assets of the CENIT Group (in accordance with IFRS)

in EUR k	2015	2014
Non-current assets	6,575	6,952
Current assets	60,298	59,933
Total assets	66,873	66,885
Equity ratio	59.6%	58.8%
Equity	39,843	39,352
Non-current liabilities	3,286	2,889
Current liabilities	23,744	24,644
Total assets	66,873	66,885

As of the balance sheet date, equity came to EUR 39,843 k (prior year: EUR 39,352 k). The equity ratio stands at 59.6% (prior year: 58.8%). Bank balances and cash and cash equivalents totalled EUR 33,941 k as of the balance sheet date (prior year: EUR 33,250 k). In addition to the cash and cash equivalents, there are still sufficient overdraft facilities amounting to EUR 1,092 k.

Both the current assets and the current liabilities are in line with business development. Cash flow from operating activities came to EUR 9,465 k (prior year: EUR 9,401 k). In 2015, the cash flow was influenced by the payment of the dividend to the shareholders amounting to EUR 7,531 k in total and by investments of EUR 1,643 k.

Net assets in CENIT's separate financial statements (in accordance with HGB)

in EUR k	2015	2014
Fixed assets	5,314	5,165
Current assets	18,035	18,081
Cash and cash equivalents	26,727	27,126
Prepaid expenses	3,212	3,540
Total assets	53,288	53,912
Equity ratio	63.2%	60.8%
Equity	33,652	32,777
Provisions	6,503	7,163
Liabilities	6,759	8,618
Deferred income	6,374	5,354
Total equity and liabilities	53,288	53,912

As of the balance sheet date, equity came to EUR 33,652 k (prior year: EUR 32,777 k). The equity ratio stands at 63.2% (prior year: 60.8%). Bank balances and cash and cash equivalents totalled EUR 26,727 k as of the balance sheet date (prior year: EUR 27,126 k). In addition to the cash and cash equivalents, there are still sufficient overdraft facilities amounting to EUR 1,092 k. Both the trade receivables of EUR 15,436 k (prior year: EUR 15,137 k) and the trade payables of EUR 2,260 k (prior year: EUR 3,416 k) were in line with business development.

This financial independence constitutes a future competitive advantage for CENIT AG and guarantees customers the necessary investment security.

Financial and non-financial performance indicators

Capital expenditures

Investments in property, plant and equipment generally play a lesser role at CENIT. They mainly involve investments in the furniture and fixtures of the sales branches and the administrative headquarters. Of these, most investments were replacement investments in the technical infrastructure.

In the CENIT Group (IFRS)

Capital expenditure on property, plant and equipment and intangible assets amounted to EUR 1,667 k in 2015 (prior year: EUR 2,519 k). Amortisation of intangible assets and depreciation of property, plant and equipment came to EUR 2,096 k (prior year: EUR 2,334 k).

Investments break down by segment as follows:

Investments by business segment in the Group

in EUR k	2015	2014
EIM	339	313
PLM	1,328	2,206
Total	1,667	2,519

In CENIT AG, Germany (HGB)

Capital expenditure on property, plant and equipment and intangible assets amounted to EUR 1,403 k in 2015 (prior year: EUR 2,300 k). Amortisation of intangible assets and depreciation of property, plant and equipment came to EUR 1,248 k (prior year: EUR 1,261 k).

Investments (in intangible assets and property, plant and equipment) break down by segment as follows:

in EUR k	2015	2014
EIM	335	309
PLM	1,068	1,991
Total	1,403	2,300

Investments were financed in full by the cash flow from operating activities.

Foreign exchange management

The high level of volatility on the foreign exchange markets and the resulting uncertainty surrounding exchange rate developments also have an influence on CENIT. Among others, the business activities of the CENIT Group also generate cash in US dollars (USD), Swiss francs (CHF), Romanian leu (RON) and Japanese yen (JPY). CENIT is exposed to a certain currency risk. Risk management monitors and assesses the respective foreign exchange fluctuations and ensures hedging on a timely basis as needed.

Procurement and purchasing policy

CENIT trusts its partners and suppliers and expects fair and long-term cooperation. Performance, counterperformance and risks are appropriately balanced. Partners and suppliers are expected to participate in recognising potential for reducing costs. CENIT thus applies a purchasing policy that is precisely tailored to the specific requirements of each project.

CENIT's procurement staff members have a wealth of experience in the provision of goods and services for all customer projects. The Group works with reputable partners in procurement that are either market or industry leaders in their product area. Currency risks from procurement in the CENIT Group occur when goods and services are procured in a currency other than the functional currency of the respective company. Our purchasers try to prevent this through their purchasing policy. Since procurement focuses primarily on the euro zone, foreign exchange risks are negligible at CENIT AG, Germany. The cost of goods and purchased services amounted to EUR 46,886 k in 2015 in the CENIT Group (prior year: EUR 48,829 k) and to EUR 40,397 k (prior year:

EUR 41,516 k) at CENIT AG, Germany. At EUR 76 k in the CENIT Group as of year end (prior year: EUR 7 k), the inventory value and the amount of capital tied up as a result is kept at a low level thanks to project-based procurement.

Quality assurance

The success of CENIT hinges primarily on meeting customer requirements. In the field of business process consulting, we want to win customers with high-quality and economical solutions. By carrying out operating activities for the customer or at the customer, we want to raise the efficiency of the processes assumed.

The motivation of each and every employee lies in exceeding customer objectives. To achieve this, CENIT has designed its own processes to meet these requirements. To this end, CENIT has drafted and enforced key process descriptions applicable to the entire Group. All employees are instructed to implement these processes and to constantly improve them by means of specified methodical procedures.

Continuous monitoring and improvement thus forms an important component of the quality management system. This ongoing process allows potential for improvement to be identified, evaluated and implemented.

Quality management is headed up by a member of the management board. This ensures that the management board has direct influence and control over the Group's quality management system and that any management errors can be detected and corrected immediately.

CENIT has documented quality management rules in a management manual. It takes account of the ISO 9001:2008 standard.

The management board defines the corporate policies, strategy and objectives while ensuring awareness and implementation at all levels of the Group. Furthermore, the management board defines the organisation and areas of responsibility and provides the necessary financial and human resources.

Each year, management specifies detailed targets for the next year – as well as a five-year plan as a guideline.

The annual targets are then broken down at the level of the individual employees.

The management board examines regularly – but at least once a year – whether the agreed targets have been met or whether they have been missed or exceeded, and whether the process descriptions, laws and standards have been complied with.

Compliance with the requirements of ISO 9001:2008 is assessed annually, both by internal audits and by an independent external certification body.

Information safety

To ensure compliance with legal, official and contractual requirements and to safeguard the protection of customer information and CENIT's own information, an information safety management system was installed based on ISO/IEC 27001:2013. ISO 27001 is an internationally recognised standard and is a systematic process-based approach for implementing an information safety management system that takes into account both the technology and the employees while at the same time establishing a continuous monitoring and optimisation process.

The information safety management system is thus a combination of a management system and specific measures, such as physical and personnel safety, the security of IT operations as well as physical and virtual access protection.

The employees are informed of current company developments at quarterly information events. The information required for day-to-day business is either communicated at regular meetings or during individual meetings. Open communication that is based on dialogue is valued.

Compliance with the requirements of ISO/IEC 27001:2013 is assessed annually, both by internal audits and by an independent external certification body.

Employees

Breakdown of employees by local companies:

	31 Dec. 2015	31 Dec. 2014
CENIT AG	515	556
CENIT NA	37	32
CENIT CH	17	18
CENIT F	20	14
SPI Numérique	-	3
CENIT RO	35	32
CENIT J	4	4
CENIT Group	628	659

One focus of personnel work in 2015 was on expanding the CENIT Campus, the training programme for employees. There was a keen take-up of technical training and soft skill offerings alike. Based on the leadership model of CENIT, the three-year programme for all executives was also continued. Inspired by the programme for executives, a development programme for top employees was introduced.

The area of health management was also extended within the Group. In addition to healthy living days for the employees, the first in-house health-related training for employees was carried out. Employees were also encouraged to take part in running events.

Another focus area was on recruiting highly qualified staff for CENIT AG in Germany and around the world.

The Group's total headcount as of 31 December 2015 stood at 628 (prior year: 659). CENIT AG, Germany, had 515 employees as of 31 December 2015 (prior year: 556). The majority of those employees have third-level qualifications. Employee turnover stood at around 10% (prior year: 6%). The Group continues to record a very low number of sick days. The average length of service was 9 years with an average age of 42.

In 2015, the management board and supervisory board spoke out in favour of qualifications being the decisive criterion for appointing a supervisory board member, a management board member or for hiring or appointing executives. As a result, the supervisory board defined a target share of women of 0% for appointment to the supervisory board or management board and of 6% for executive positions. CENIT has already met these targets.

Personnel expenses in the reporting period came to EUR 48,554 k in the CENIT Group (prior year: EUR 49,129 k) and to EUR 38,465 k at CENIT AG (prior year: EUR 41,048 k).

CENIT has been successfully training apprentices for years. The Group considers this to be part of its responsibility to society and is actively involved in making it easier for young people to start their career through qualified training. In 2015, CENIT AG in Germany had trained a total of 43 young people in various professions by the end of the year. There are plans to increase this number further in the coming years. The apprentices include students from the DHBW (Duale Hochschule Baden-Württemberg – University of Cooperation Education) in the areas of computer science and business and trainees in the IT field. In addition, the Group continuously hires university graduates as well as interns and students who are working on their undergraduate, masters or bachelors thesis.

Advanced training

CENIT offers a comprehensive advanced training programme to broaden the qualifications of its employees and provide them with access to current knowledge and expertise. A large number of employees took advantage of the various advanced training programmes and participated in courses and seminars in the reporting year in order to improve their qualifications. These focused on the topics of quality management, project management, certification for the products of the strategic software partners and training for executives.

Social responsibility

Social and societal responsibility is an important matter for the management board, executives and employees of CENIT and is actively supported. In order to extend the Group's social involvement, which itself has a long tradition, on a long-term basis and to anchor it as a fixed part of CENIT's corporate culture, the Group launched the initiative "CENIT Cares" in November 2013.

As part of the initiative, CENIT and its employees provide financial support or specific hands-on assistance to community projects. The Group provides a defined budget as well as time-based

resources (special vacation day) each year for this purpose. All CENIT employees are given the opportunity to propose projects worthy of support as well as the type of support required (financial or hands-on assistance). A committee comprising CENIT employees and executives decides on the approval of the project applications. One of the most important criteria is the personal relationship of an employee to the proposed project.

The CENIT Cares Initiative now boast 20 projects realised through donations and/or hands-on support. In addition to numerous campaigns across Germany, projects in Africa, Chile, Serbia and Moldova received support.

Remuneration system / Profit sharing

Apart from performance-based career opportunities and assumption of responsibility at an early stage, CENIT offers its employees an attractive remuneration policy. Remuneration comprises a fixed salary, which is governed by individual employment agreements, and remuneration components in amounts based on the operating result and on other quantitative and qualitative targets.

The remuneration system for the management board of CENIT AG comprises a profit-based component and a component that is independent of profit. The profit-based part is based on the Group's earnings for the year.

Pursuant to the articles of incorporation and bylaws, the supervisory board receives fixed compensation. Each member of the supervisory board receives a fixed amount of EUR 15,000 payable after the end of the fiscal year. The chairperson of the supervisory board receives twice that amount, while the deputy chairperson receives one and a half times that amount.

Subsequent events

As of 1 January 2016, CENIT acquired a majority interest in Coristo GmbH, based in Mannheim. Coristo GmbH is a leading consultancy company for SAP product structure management. In this way, CENIT is expanding its competency and solution portfolio for end-to-end SAP ERP/PLM solutions and strengthening its position as a reliable partner to the manufacturing industry for digital transformation in the Industry 4.0 context.

Forecast for 2016

The German economy is forecast to grow by approximately 1.7% in 2016. According to BITKOM, the ITC industry itself is confident about 2016 and expects growth in information technology to amount to roughly 1.5%.

Based on these expectations, the picture for CENIT is as follows:

Expected results of operations

CENIT has a solid basis with an equity ratio well in excess of 50%. This allows CENIT to be a strong and reliable partner to its customers.

The positive outlook supports the goal of outpacing market growth. The CENIT Group is planning marginal sales growth of up to 5% in the current year, with most growth expected in the area of PLM. On the whole, CENIT is anticipating a high single-digit rise in earnings too (EBIT), which will be contributed to by the PLM business division.

Sales at CENIT AG in 2016 are expected to match the reporting year, with sales of EUR 98,814 k recorded in 2015. In terms of EBIT, CENIT AG expects growth in line with the Group's forecast. The Company is using its own products and solutions to cover a market that is currently very significant. Developments have to be implemented more and more quickly, and existing processes have to be optimised on a constant basis. This is exactly where CENIT AG supports its customers. CENIT AG's products are competitive and are subject to constant further development. The employees of CENIT AG are competent and possess a high level of technical understanding as well as excellent industry knowledge. With their know-how and their customer gearing, they are essential for the success of the Group.

As was already the case in 2015, 2016 will also see a special focus on further alignment in software development. In order to be competitive on this market in the long term, it is essential to act innovatively and to integrate new technologies in development. In this way, the Company wants to raise its share of its own software in earnings in the long term. The cooperation with the partners Dassault Systèmes, IBM and SAP will be continued on a lasting basis in order to position the Group as a long-term strategic partner.

Employees

The personnel expenses will be adjusted in accordance with growth. In 2016, the Group will continue to search for more skilled staff for various areas. CENIT has been successfully training apprentices for years, and training young people is still very important to the Company. Education and training is a component of the long-term personnel policy and the social responsibility toward the young people in our country.

Expected financial position and liquidity

CENIT's liquidity is very healthy, both in the separate financial statements and at group level. The Group's financial situation gives it a competitive edge in tenders and the awarding of projects. It gives CENIT's customers the security they require for their investment decisions.

The CENIT Group's financing is on a secure basis. The finance policy has been managed conservatively for years now, and this is reflected in the continued strong and long-term credit rating as well as the short-term and medium-term provision of sufficient liquidity for a positive development of the Group. The investments in property, plant and equipment and intangible assets in 2016 will be at a similar level to 2015. They will be funded by cash flow from operating activities.

The liquidity lost by paying a dividend can be funded from existing cash and cash equivalents and from the expected cash flow from operating activities in 2016.

Risks/Opportunities report

Risks/Opportunities management

With a group-wide opportunities and risk management system, the Group identifies any risks at an early stage in order to assess them correctly and limit them to the extent possible. CENIT observes the risks continuously in order to always assess the probable overall status on a systematic and timely basis and to better judge the effectiveness of corresponding countermeasures. In doing so, the Group takes into account operational risks as well as financial, economic and market-related risks. Opportunities result from the complementary view of the operational and functional risk structure in all risk areas.

CENIT makes appropriate provision at an early stage for all recognisable and accountable risks. Currency risks and default risks are monitored systematically on the basis of guidelines that set out the fundamental strategy, the rules on the structure and organisation of procedures and competence rulings.

The management board of CENIT has installed a systematic risk management system. Operational risk management encompasses early warning, risk communication and the sustainability of risk control. Risk reporting means that the managers responsible for the business units inform the management board continuously of the current risk situation. Moreover, risks that occur suddenly and risk with implications for the Group as a whole are communicated directly to the risk managers responsible at CENIT in urgent cases, bypassing normal reporting channels. In accordance with the statutory provisions, the management board and the supervisory board of CENIT are informed in detail of the risk situation of the business divisions. These reports are supplemented with up-to-date notices as soon as risks change or no longer exist or if new risks emerge. This ensures a continuous flow of information to the management board and the supervisory board. Compliance with the risk management system by the group companies and their risk management is reviewed using internal quality inspections. The findings obtained in this manner are used for the further improvement of the early detection and controlling of risk.

CENIT is well positioned in its target markets. The Company has a strong market position in Product Lifecycle Management (PLM) and in Enterprise Information Management (EIM) with regard to medium-sized and larger customers. The risk policy is based on exploiting existing opportunities to the full and only entering into the risks associated with operating 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. Risk management is part of company management and reporting takes place directly to the management board. The functioning of the system is examined at regular intervals. A risk inventory is also carried out regularly. The six-month or annual risk reporting documents and assesses the risks identified. An ad-hoc risk report is also available to ensure that action can be taken rapidly and informally. A detailed report on the status of the material risks to be monitored documents the assessment, the action taken and planned as well as the persons responsible.

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

The receivables portfolio may bear risks with respect to recoverability of the receivables (default risk). CENIT counters this risk by ensuring strict receivables management, credit ratings, requesting advance payments and classifying risks at an early stage.

The Group is not dependent on financing by commercial banks. Therefore, there is no liquidity risk according to the management board. There were no lines of credit available to the subsidiaries in the USA, Switzerland, France, Romania or Japan, and none were required.

Thanks to the excellent capital gearing and available liquidity, the focus is on the acquisition of new technologies for extending and supplementing the Group's own software portfolio.

Also, through expanding our market coverage there is considerable potential to market CENIT's products at an even more international level via partners.

To secure and strengthen the competencies and the commitment of its executives, CENIT will continue to position itself as an attractive employer and strive to keep the executives in the Group for the long term. The elements of consistent management development include in particular creating opportunities, support and advice geared toward specific target groups, early identification and promotion of high-potential staff as well as attractive incentive systems for executives. CENIT employs specialists with several years of professional experience in all of its business units.

Risk monitoring

Risk monitoring is the task of decentralised and centralised risk management. To do this, the decentralised risk manager defines early warning indicators for the critical success factors. The task of centralised risk management is to monitor the defined early warning indicators. As soon as the specified thresholds are met, a risk report is prepared by the decentralised risk manager, i.e. a forecast of the expected impact on CENIT if the risk occurs. Ideally these forecasts are supplemented with scenario analyses that take into account different constellations of data. Using this information and the measures proposed by the decentralised risk managers and the central risk management system, the management board decides whether and to what extent measures should be taken to mitigate the risk or whether it is perhaps necessary to adjust the corporate objectives. Tracking the early warning indicators and monitoring the corresponding threshold values as well as carrying out the scenario analyses is the responsibility of decentralised risk management.

Finally, it should be noted that the Company uses numerous management and control systems that are continually refined to measure, monitor and control risks. These include a uniform group-wide strategy, planning and budgeting process dealing mainly with opportunities and risks from operations. The risks identified and the risk management measures defined within the strategy, planning and budgeting process are monitored. Tracking and mitigating risks pays off, for example in the change request process for certainty as regards deadlines and technical risks. With large projects in particular, the certainty that the contract will be continued is checked.

Further growth and, in turn, lasting economic success are affected not just by the economic risks on global markets, but to a large extent also by the successful marketing of CENIT solutions and consultancy services as well as of the IT services. Among other things, this is to be achieved by expanding the Group's own sales and consultancy know-how and by entering into strategic

partnerships. Two thirds of the customers come from the manufacturing industry. Fluctuations in the business cycle in the manufacturing industry can, in some cases, have an impact on the business situation. The Company has concluded insurance policies to cover potential cases of damage and liability risks and to ensure that the financial consequences of any potential risks are limited. The scope of these policies is regularly reviewed and adjusted if required. With respect to the necessary IT security, CENIT has also made extensive risk provision and continually develops this further.

Risks relating to future development

A review of the current risk situation has shown that there were no risks in the reporting period that jeopardised the continued existence of the Group as a going concern and that no such risks are foreseeable at present for the future. Provisions have been recorded for all recognised risks. Furthermore, as of the balance sheet date there are no other risks that could have a material impact on the net assets, financial position or results of operations. The risk management and early warning system makes transparent corporate governance and early detection of risks possible. Due to the fact that most purchase and sales contracts are denominated in euro and in light of the current financing structure, no use has currently been made of derivative financial instruments to hedge currency risks.

An overall analysis of risk shows that CENIT is primarily exposed to market risks. These mainly include price and quantity developments linked to the business cycle as well as the dependence on the development of key accounts or important industries. The Group is also dependent on the general economic situation, the development of which currently hinges on the events in the finance and banking sectors. There is also a risk in specialising with technology partners and the related dependence on their business development.

The risk of price erosion observed on the market is countered by means of high-quality service.

Internal control and risk management system in relation to the accounting and group financial reporting process, Sec. 315 (2) No. 5 HGB (CENIT AG: Sec. 289 (5) HGB).

The main features of the internal control system and the risk management in place at CENIT in relation to the accounting and group financial reporting process can be described as follows:

There is a clear management and company structure at the Company and in the other group companies. The functions of the main areas in terms of the accounting and group financial reporting process, namely accounting and taxes, consolidation and controlling as well as investor relations, are clearly separated. The areas of responsibility are clearly allocated.

The financial systems used are protected from unauthorised access by corresponding IT systems. Standard software is used in the finance area in as far as possible. An appropriate system of guidelines ensures uniform treatment within the Company/Group and is constantly updated.

The departments and areas involved in the accounting/group financial reporting process are suitably equipped from both a quantitative and a qualitative perspective. Accounting data received or passed on are checked constantly for completeness and accuracy, e.g. by means of spot checks. The software used carries out programmed plausibility checks.

The principle of dual control is complied with for all accounting-related processes. In terms of the propriety and reliability of the internal accounting and external financial reporting, the corresponding supervisory committees (supervisory board) are in place.

The internal control and risk management system in relation to the accounting and group financial reporting process, the main features of which were described above, ensures that company matters are always recorded, compiled and evaluated correctly for accounting purposes and transferred to the accounting and financial reporting. Appropriate personnel capacities, the use of suitable software and clear statutory as well as internal company regulations provide the basis for an orderly, uniform and consistent accounting and financial reporting process. The clear demarcation of the areas of responsibility as well as various control and monitoring mechanisms ensure specific and responsible accounting. In detail, this ensures that business transactions are recorded, processed and documented in accordance with the statutory provisions, the articles of incorporation and bylaws as well as internal guidelines and that they are recorded correctly for accounting purposes and on a timely basis. At the same time it ensures that assets and liabilities are disclosed, recognised and valued accurately in the annual and consolidated financial statements and that reliable and relevant information is provided in full and on a timely basis.

Disclosures Pursuant to the ÜbernRLUG [“Übernehmerichtlinie-Umsetzungsgesetz”: German Takeover Directive Implementation Act]

Sec. 315 (4) No. 1 HGB (CENIT AG: Sec. 289 (4) No. 1 HGB)

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

Sec. 315 (4) No. 6 HGB (CENIT AG: Sec. 289 (4) No. 6 HGB)

The appointment and dismissal of management board members is regulated in Sec. 84 AktG. Furthermore, Article 7 Nos. 1 and 2 of the articles of incorporation and bylaws states that the supervisory board appoints the management board members and determines the number of management board members. Pursuant to Article 7 No. 1 of the articles of incorporation and bylaws, the management board comprises at least two persons.

The provisions to amend the articles of incorporation and bylaws are regulated in Secs. 133, 179 AktG. Additionally, Article 21 No. 1 of the articles of incorporation and bylaws states that resolutions of the shareholder meeting require a simple majority of the votes cast and, where required, the simple controlling interest, unless legal regulations or the articles of incorporation and bylaws prescribe otherwise. The supervisory board is entitled pursuant to Article 16 of the articles of incorporation and bylaws to make amendments to the articles of incorporation and bylaws that only affect the version.

Authorised capital

Reversing the authorisation dated 13 June 2006 to increase the capital stock, the management board was authorised, with the approval of the supervisory board, to increase the capital stock by up to EUR 4,183,879.00 in total by 25 May 2016 by issuing on one or more occasions new no-par value bearer shares in return for cash contributions and/or contributions in kind (authorised capital 2012). The number of shares must increase in direct proportion to the increase in capital stock. The shareholders must be given a subscription right. The new shares can also be assumed by one bank or by several banks with the obligation to offer them to the Company's shareholders for purchase.

However, the management board is authorised, with the approval of the supervisory board, to preclude the shareholders' statutory subscription right in the following cases:

- a) The management board is authorised, with the approval of the supervisory board, to preclude any fractional shares from the shareholders' subscription right.
- b) The management board is authorised, with the approval of the supervisory board, to preclude the shareholders' subscription right in the event of a capital increase in return for a contribution in kind if the contribution in kind is made with the purpose of acquiring companies, parts of companies and/or equity investments in companies or in the course of business combinations.
- c) The management board is authorised, with the approval of the supervisory board, to preclude the shareholders' subscription right in the event of a capital increase in return for a cash contribution if the capital increases passed on the basis of this approval do not exceed a total of 10% of the existing capital stock as of the date of the resolution by the shareholder meeting or as of the date on which the approval is exercised, whichever is lower, and if the issue amount is not substantially less than the quoted market price. The maximum limit of 10% of the capital stock is reduced by the pro rata amount of the capital stock accounted for by those treasury shares of the Company that were sold during the term of the authorised capital with exclusion of the subscription right of the shareholders in accordance with Sec. 71 (1) No. 8 Sentence 5 AktG and Sec. 186 (3) Sentence 4 AktG.

The total number of shares issued based on this authorisation in return for cash contributions and contributions in kind with exclusion of the subscription right of the shareholders cannot exceed a pro rata amount of capital stock of EUR 1,673,551 (20% of current capital stock). The management board is authorised, subject to approval of the supervisory board, to decide on further details of the capital increase and the conditions of the share issue.

The supervisory board is authorised to adjust the version of Article 5 of the articles of incorporation and bylaws after partial or full implementation of the increase in capital stock in accordance with the respective utilisation of the authorised capital.

Sec. 289a HGB – Corporate governance statement

The management board and supervisory board of the Company have issued the corporate governance statement for 2015 prescribed by Sec. 289a HGB and have made it available on the homepage at: http://www.cenit.com/de_DE/investor-relations/corporate-governance.html.

Stuttgart, 27 February 2016

CENIT Aktiengesellschaft

The Management Board



Kurt Bengel

Spokesman, Management Board



Matthias Schmidt

Member, Management Board

GROUP FINANCIAL STATEMENT



CENIT Aktiengesellschaft, Stuttgart			
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in accordance with IFRS)			
in EUR k		31 Dec. 2015	31 Dec. 2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	F1	3,381	3,910
Property, plant and equipment	F2	2,656	2,488
Investments in joint ventures	F3	53	54
Income tax receivable	F9	85	169
Other long-term receivables	F7	0	83
Deferred tax assets	F4	400	248
NON-CURRENT ASSETS		6,575	6,952
CURRENT ASSETS			
Inventories	F5	76	7
Trade receivables	F6	17,947	17,377
Receivables from joint ventures	F6	3,112	3,265
Current income tax assets	F9	611	978
Other receivables	F7	164	181
Cash and cash equivalents	F10	33,941	33,250
Prepaid expenses	F11	4,447	4,875
CURRENT ASSETS		60,298	59,933
TOTAL ASSETS		66,873	66,885

CENIT Aktiengesellschaft, Stuttgart
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in accordance with IFRS)

in EUR k

31 Dec. 2015

31 Dec. 2014

EQUITY AND LIABILITIES

EQUITY

Subscribed capital	F12	8,368	8,368
Capital reserves	F12	1,058	1,058
Currency translation reserve	F12	1,096	549
Legal reserve	F12	418	418
Other revenue reserves	F12	14,807	14,648
Retained earnings	F12	14,096	14,311
TOTAL EQUITY		39,843	39,352

NON-CURRENT LIABILITIES

Other liabilities	F15	2,512	2,236
Deferred tax liabilities	F4	774	653
NON-CURRENT LIABILITIES		3,286	2,889

CURRENT LIABILITIES

Trade payables	F14	2,788	4,168
Liabilities to joint ventures	F14	37	51
Other liabilities	F15	12,148	12,571
Current income tax liabilities	F13	403	537
Other provisions	F13	360	820
Deferred income		8,008	6,497
CURRENT LIABILITIES		23,744	24,644

TOTAL EQUITY AND LIABILITIES

66,873

66,885

CENIT Aktiengesellschaft, Stuttgart
CONSOLIDATED INCOME STATEMENT (in accordance with IFRS)

in EUR k			2015	2014
1. REVENUE	E1		121,479	123,394
Total operating performance			121,479	123,394
2. Other operating income	E3		1,786	634
Operating performance			123,265	124,028
3. Cost of materials	E4	46,886		48,829
4. Personnel expenses	E5	48,554		49,129
5. Amortisation of intangible assets and depreciation of property, plant and equipment	F1+F2	2,096		2,334
6. Other operating expenses	E7	15,128		14,408
			112,664	114,700
NET OPERATING INCOME			10,601	9,328
7. Other interest and similar income	E8	61		157
8. Interest and similar expenses	E8	41		80
			20	77
RESULT FROM ORDINARY ACTIVITIES			10,621	9,405
9. Income taxes	E9		3,305	3,047
NET INCOME OF THE GROUP FOR THE YEAR			7,316	6,358
thereof attributable to the shareholders of CENIT			7,316	6,358
Earnings per share in EUR				
basic	E10		0.87	0.76
diluted	E10		0.87	0.76

CENIT Aktiengesellschaft, Stuttgart			
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in accordance with IFRS)			
in EUR k		2015	2014
Net income for the year		7,316	6,358
Other comprehensive income			
Items that will be reclassified to the income statement in the future under certain circumstances			
Currency translation reserve of foreign subsidiaries	547		452
Items that will not be reclassified to the income statement in the future			
Actuarial gains/losses from defined benefit obligations and similar obligations	204		-588
Deferred taxes recognised on other comprehensive income	-45		129
Other comprehensive income after tax		706	-7
Total comprehensive income		8,022	6,351
thereof attributable to the shareholders of CENIT		8,022	6,351

CENIT Aktiengesellschaft, Stuttgart							
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (in accordance with IFRS)							
in EUR k	Subscribed capital	Capital reserves	Currency translation reserve	Revenue reserves		Retained earnings	Total
				Legal reserve	Other reserves		
As of 31 December 2013	8,368	1,058	97	418	15,607	10,382	35,930
Total comprehensive income			452		-459	6,358	6,351
Allocation to other revenue reserves					-500	500	0
Dividend distribution						-2,929	-2,929
As of 31 December 2014	8,368	1,058	549	418	14,648	14,311	39,352
Total comprehensive income			547		159	7,316	8,022
Dividend distribution						-7,531	-7,531
As of 31 December 2015	8,368	1,058	1,096	418	14,807	14,096	39,843

CENIT Aktiengesellschaft, Stuttgart
CONSOLIDATED STATEMENT OF CASH FLOWS (in accordance with IFRS)

in EUR k	2015	2014
Cash flow from operating activities		
Earnings before interest and taxes	10,601	9,328
Adjusted for:		
Amortisation of intangible assets and depreciation of property, plant and equipment	2,096	2,334
Gains (-) and losses (+) on disposals of assets	-4	1
Increase/decrease in other non-current assets and liabilities and provisions	430	293
Interest paid	-41	-80
Interest received	61	157
Income tax paid	-3,064	-3,669
Net operating income before changes in net working capital	10,079	8,364
Increase/decrease in trade receivables and other current non-cash assets	730	-944
Increase/decrease in inventories	-66	-2
Increase/decrease in current liabilities and provisions	-1,278	1,983
Net cash flows from operating activities	9,465	9,401
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	-1,667	-1,738
Purchase of shares in fully consolidated entities (net cash outflow)	0	-574
Income from the sale of property, plant and equipment	24	9
Change in other financial assets that are not attributable to cash and cash equivalents	0	2,000
Net cash paid for investing activities	-1,643	-303
Cash flow from financing activities		
Dividends paid to shareholders	-7,531	-2,929
Net cash paid for financing activities	-7,531	-2,929
Net increase/decrease in cash and cash equivalents	291	6,169
Change in cash and cash equivalents due to foreign exchange differences	400	449
Cash and cash equivalents at the beginning of the reporting period	33,250	26,632
Cash and cash equivalents at the end of the reporting period	33,941	33,250

Notes to the consolidated financial statements for 2015

A Commercial register and purpose of the Company

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

The business purpose of the group entities is to provide all types of services in the field of introducing 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 consultancy services from a single source. CENIT's focus is on business process optimisation and computer-aided design and development technologies.

B Accounting policies

The consolidated financial statements of CENIT Aktiengesellschaft, Stuttgart, are 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], and are released by the management board to the supervisory board for approval. The consolidated financial statements are thus approved for publication. This will take place on 18 March 2016.

The consolidated financial statements are prepared in euro. To aid clarity, all figures are presented in thousands of euro (EUR k) unless otherwise indicated. The end of the reporting period is 31 December of any given year.

For the classification for the statement of financial position, a distinction is made between current and non-current assets and liabilities; in the notes, they are broken down in detail by their term to maturity in some cases. The income statement is classified using the nature of expense method.

The consolidated financial statements have been prepared on the basis of historical cost (acquisition cost principle) 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 annual financial statements of the entities included in the consolidated financial statements have been prepared on the basis of the parent company's uniform accounting policies as of the end of its reporting period.

Amended or new IFRSs issued by the EU and the resulting reporting, recognition and measurement changes

Compared with the consolidated financial statements as of 31 December 2014, the following standards and interpretations were mandatory for the first time but did not have any material effects:

- Annual improvements to IFRS – 2011 to 2013 cycle
- IFRIC 21 Levies

Outlook on upcoming IFRS amendments

The following IFRSs adopted by the EU were issued by the end of the reporting period but are not mandatory until later reporting periods. The CENIT Group decided not to early adopt the standard and interpretations that are not mandatory until later reporting periods.

Amendment/Standard	Date of publication	Date of transposition into EU law	Effective date
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	21 November 2013	17 December 2014	1 February 2015
Annual improvements to IFRS – 2010 to 2012 cycle	12 December 2013	17 December 2014	1 February 2015
Bearer Plants (Amendments to IAS 16 and IAS 41)	30 June 2014	23 November 2015	1 January 2016
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	6 May 2014	24 November 2015	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	12 May 2014	2 December 2015	1 January 2016
Annual improvements to IFRS – 2012 to 2014 cycle	25 September 2014	15 December 2015	1 January 2016
Disclosure Initiative (Amendments to IAS 1)	18 December 2014	18 December 2015	1 January 2016
Equity Method in Separate Financial Statements (Amendments to IAS 27)	12 August 2014	18 December 2015	1 January 2016

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 replaces IAS 11, Construction Contracts, and IAS 18, Revenue, as well as the corresponding interpretations. In July 2015, the IASB decided to postpone the mandatory date for the standard to reporting periods beginning on or after 1 January 2018; early adoption is permitted. The Company is

currently assessing the effects of applying IFRS 15 in the Company's consolidated financial statements and will set out the date of first-time adoption as well as the transition method.

Changes in the presentation of the consolidated financial statements

The accounting policies used in the prior year have been used without change to prepare the consolidated financial statements.

C Consolidation principles

1. Consolidation principles and basis of consolidation

The consolidated financial statements include the financial statements of the parent and of the entities it controls (its subsidiaries).

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control by the parent ceases.

Effective 1 January 2015, SPI Numérique SARL, which was acquired in 2014, was merged into CENIT France SARL.

The Group's investments in joint ventures are accounted for using the equity method of accounting.

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

The following entities have been included in the consolidated financial statements of CENIT in accordance with IFRS 10 or IFRS 11/IAS 28 respectively:

No.	Entity	Currency	%	from	Sub-scribed capital LC k	Date of purchase accounting
1	CENIT Aktiengesellschaft Stuttgart/Germany	EUR	---	---	8,368	Parent
2	CENIT (Schweiz) AG Effretikon/Switzerland	CHF	100	1	500	26 October 1999
3	CENIT NORTH AMERICA Inc. Auburn Hills/USA	USD	100	1	25	29 November 2001
4	CENIT SRL Iasi/Romania	RON	100	1	344	22 May 2006
5	CENIT FRANCE SARL, Toulouse/France	EUR	100	1	10	26 April 2007
6	CENIT Japan K.K. Tokyo/Japan	YEN	100	1	34,000	13 May 2011
7	CenProCS AIRliance GmbH Stuttgart/Germany	EUR	33.3	1	150	16 November 2007

2. Business combinations and goodwill

Business combinations are accounted for using the acquisition 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.

The goodwill resulting from the acquisition of a subsidiary or of an entity under common control is initially measured at cost, being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. In subsequent periods, goodwill is measured at cost less all accumulated impairment losses. If the acquirer's share in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of acquiring the company, the excess amount remaining after reassessment is recognised in profit or loss. There is no goodwill in the consolidated financial statements.

3. Investment in a joint venture

CENIT has held a 33.33% investment in a joint venture, CenProCS AIRliance GmbH (CenProCS), since 16 November 2007. A contractual agreement has been signed by the shareholders, CENIT AG Stuttgart, PROSTEP AG Darmstadt and CS SI LePlessis Robinson, France, on the provision of packaged services by the shareholders 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 statement of financial position at cost plus post-acquisition changes in the CENIT Group's share of net assets of CenProCS. During formation of the entity, CENIT AG made a cash contribution of EUR 50 k.

The income statement reflects the CENIT Group's share of CenProCS's profit. Where there has been a change recognised directly in equity, the Group recognises 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 joint venture are eliminated in proportion to the investment in CenProCS.

The financial statements of CenProCS are prepared with the same end of the reporting period as the financial statements of the parent. Where necessary, adjustments are made to comply with the Group's uniform accounting policies.

After application of the equity method to the CENIT Group's investment in CenProCS, the parent company determines whether it is necessary to recognise an additional impairment loss on the investment. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the fair value of the investment in CenProCS and the acquisition cost and recognises the amount in the income statement.

4. Foreign currency translation

The presentation currency is the parent company's functional currency. The functional currency concept is applied to translate the financial statements prepared in foreign currency by the entities included in the basis of consolidation. 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. Using this method, assets and liabilities are translated at the closing rate, while equity is translated at the historical rate and income and expenses at the annual average rate.

The difference arising from translation of the individual financial statements is recognised directly in equity. When subsidiaries are sold, the exchange differences recognised 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 reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the annual closing rate. 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 recognised in profit or loss.

The following exchange rates were used for currency translation:

in EUR	Closing rate		Annual average rate	
	31 Dec. 2015	31 Dec. 2014	2015	2014
CHF	1.0835	1.2024	1.0679	1.2146
USD	1.0887	1.2141	1.1095	1.3285
RON	4.5240	4.4828	4.4454	4.4437
YEN	131.07	145.23	134.31	140.31

D Accounting principles

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

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

As of the end of both reporting periods, the statement of financial position did not include any intangible assets with an indefinite useful life.

Internally generated intangible assets are not capitalised due to non-fulfilment of the cumulative criteria in IAS 38.57. Non-capitalisable development costs were expensed.

Property, plant and equipment is recognised at cost, net of accumulated straight-line depreciation and/or accumulated impairment losses. 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 plant and machinery is three to five years, and 5 to 10 years for furniture and fixtures. Buildings on the Group's premises are depreciated over a period of 33 years, or 8 to 15 years for land improvements. Buildings on third-party land (leasehold improvements) are depreciated over the terms of the lease agreements. No material residual values had to be considered when determining depreciation.

Residual values, depreciation and amortisation methods and the useful life of property, plant and equipment and intangible assets are reviewed annually and adjusted if changes take place. Any changes required are taken into account prospectively as changes in estimates.

Intangible assets or property, plant and equipment are derecognised either upon disposal or when no further economic benefits are expected from their further use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the period in which the asset is derecognised in the items for other operating income or other operating expenses.

An **impairment test** is performed at the end of each reporting period for all intangible assets and property, plant and equipment if events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss for items of property, plant and equipment and intangible assets carried at cost.

A reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or could 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 amortisation or depreciation, if no impairment loss had been recognised for the asset in prior years.

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 fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an other operating expense in the income statement on a straight-line basis over the lease term. There were no finance leases in the reporting period. 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 in particular cash and cash equivalents, trade receivables and other 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 in cash or another financial asset. Financial instruments are recognised as soon as CENIT 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. All financial assets are recognised initially at fair value plus, in the case of investments which are not at measured fair value through profit or loss, any transaction costs directly attributable to the purchase of the financial asset. The Group determines the classification of its financial assets upon initial recognition and, where allowed and appropriate, reassesses this designation at the end of each reporting period. Regular way purchases and sales of financial assets are recognised as of the trading date, i.e. the date on which the entity entered into the obligation to purchase the asset (“trade date accounting”).

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 financial assets held for trading are recognised in profit or loss. The net gain or loss recognised includes any dividends and interest of the financial asset. The Group does not have any financial assets at fair value through profit or loss.

Financial assets held to maturity

Non-derivative financial assets with fixed or at least determinable payments and fixed maturity are classified as held-to-maturity if the Group intends and is able to hold these to maturity. Investments intended to be held for an indefinite period are not included in this category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in net profit or loss for the period when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that 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 recognised in a separate item under equity. On derecognition of the investment or identification of impairment, any cumulative gain or loss that had previously been recognised directly in equity is recognised in profit or loss. The Group does not hold any available-for-sale financial assets.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive cash flows from the financial asset have expired or the financial asset and substantially all the risks and rewards of the asset are transferred to a third party. If the Group has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group recognises an asset to the extent of the Group's continuing involvement in the asset and a corresponding liability for any consideration that the Group could be required to pay. If the Group retains substantially all risks and rewards of a transferred financial asset, the Group must continue to recognise the financial asset and a secured loan for the consideration received.

Financial liabilities are derecognised when the obligations specified in the contract have been discharged, cancelled, or have expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Impairment of financial assets

The Group assesses at the end of each reporting period 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 recognised in profit or loss.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised 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 recognised in profit or loss.

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 recognised, the previously recognised impairment loss is reversed. The amount of the reversal is recognised in profit or loss provided the carrying amount of the asset at the time of reversal does not exceed amortised cost.

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

Financial assets carried at cost

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

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount is recognised in equity for the difference between its cost (net of any principal repayment and amortisation) and current fair value less any impairment loss on that asset previously recognised in profit or loss. Reversals of impairment losses on equity instruments classified as available-for-sale are not recognised in the profit or loss for the period. Reversals of impairment losses on debt instruments are recognised 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 recognised in profit or loss.

Derivative financial instruments are generally used to increase the return on investment and for hedging purposes. These derivative financial instruments are initially carried at the fair value on the date on which the relevant contract was concluded and are then subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the 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 recognised in profit or loss.

The **inventories** reported are measured at the lower of cost and net realisable value. Costs of conversion are determined on the basis of full production-related costs. Net realisable value is the estimated sales proceeds less estimated costs of completion and the estimated costs necessary to make the sale.

Cash and short-term deposits in the statement of financial position comprise cash on hand, bank balances and short-term deposits with an original maturity of less than three months.

Pension obligations 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. Prepayments of contributions are capitalised to the extent that these prepayments will lead to repayment or a reduction in future payments.

The LOB pension plans in place in Switzerland qualify as defined benefit plans in accordance with IAS 19 due to the statutory minimum interest and conversion rate guarantees. The cost of providing benefits under these benefit plans is determined using the projected unit credit method. The Group recognises actuarial gains and losses in full in other comprehensive income in the period in which they occur. Such actuarial gains and losses are also immediately recognised in revenue reserves and are not reclassified to profit or loss in subsequent periods. The plan assets available to cover the pension obligations are offset against the pension obligations in accordance with the rules in IAS 19.

Financial liabilities

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

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

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

Other financial liabilities are initially recognised at fair value less transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expenses recognised based on the effective interest rate. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expenses to the respective periods.

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 obligation will lead to an outflow of resources and the amount of the obligation 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 recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to the 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.

Liabilities are disclosed in the notes to the financial statements as **contingent liabilities** for possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is not disclosed if the possibility of an outflow of resources embodying economic benefits is remote.

Current tax assets and liabilities

Current tax assets and liabilities for the current and prior periods should be measured at the amount expected to be recovered from or paid to the taxation authorities. The current tax expense is determined on the basis of the taxable income for the year. Taxable income differs from the net profit taken from the consolidated income statement in that it does not include expenses and income that are never taxable or tax deductible or only taxable or tax deductible in later years. The calculation is based on the tax rates and tax laws applicable as of the end of the reporting period.

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

Deferred tax liabilities are recognised in principle for all taxable temporary differences.

Deferred tax assets are recognised in principle for all deductible temporary differences, unused tax losses and unused tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax losses and unused tax assets can be utilised.

The carrying amount of the deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realised.

Deferred taxes on temporary differences are calculated at the tax rate that is expected to apply for the period when the asset is realised or the liability is settled. Deferred tax assets and deferred tax liabilities are calculated according to the laws and regulations applicable as of the end of the reporting period or substantively enacted at the end of the reporting period.

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

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

Value added tax (VAT)

Revenue, expenses and assets are recognised net of VAT. The following are exceptions to this rule:

- where the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of the asset or as part of the expense item as applicable; and
- where receivables and liabilities 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 statement of financial position.

Revenue recognition

Revenue is recognised 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 in order for revenue to be recognised:

Sale of goods and provision of services

Revenue is reported net of VAT and after deduction of any rebate or discount granted. Sales are recognised as revenue on the date of delivery to the customer. Income received for the provision of services is recognised in accordance with the rules in IAS 11 Construction Contracts.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract should be recognised as part of the contract costs incurred for the work in relation to the expected contract costs by reference to the stage of completion of the contract activity at the end of the reporting period. Changes to contracted work, claims and bonus payments are included to the extent that they are agreed with the customer. If the outcome of a construction contract cannot be measured reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. If it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. An expected loss on a construction contract is recognised as an expense immediately as soon as this loss is probable.

Royalties

Revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Time-based usage fees are recognised on a straight-line basis over the term of the agreement.

Dividends and interest income

Dividend income is recognised when the Group's right to receive the payment is established.

Income is recognised as the interest accrues (using the effective interest method, i.e. the rate used to discount estimated future cash flows 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.

Significant accounting judgements, assumptions and estimates

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

- It is not permissible to recognise research costs as assets. Development costs may only be recognised 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 not currently satisfied. Development costs are consequently not capitalised.
- Determining the percentage of completion is subject to certain discretionary decisions with regard to calculating the contract costs yet to be incurred. The estimate is made conscientiously based on the knowledge available as of the end of the reporting period.
- Floating-rate investments are classified and measured at fair value through profit or loss. Further explanations are contained in note F. 8.

- The cost and present value of defined benefit obligations is determined using actuarial valuations. An actuarial valuation involves making various assumptions that can differ from actual developments in the future. These include the determination of the discount rates, future wage and salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each reporting period.
- When determining provision amounts to be recognised, assumptions must be made on the probability that there will be an outflow of resources. These assumptions constitute the best estimate of the situation underlying the matter, but are subject to uncertainty because of the necessary use of assumptions. When measuring the provisions, assumptions also have to be made on the amount of the possible outflow of resources. A change in the assumptions can therefore lead to a difference in the amount of the provision. Thus the use of estimates also leads to uncertainties here.

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 recognised and to valuation allowances. Further explanations are contained in notes F6 and F13.

E Income statement

1. Revenue

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

Revenue is essentially composed of the following income items:

in EUR k	2015	2014
CENIT consulting and service	50,862	53,943
CENIT software	15,949	12,728
Third-party software	54,391	56,251
Merchandise	277	472
Total	121,479	123,394

Revenue includes sales from construction contracts (PoC) totalling EUR 3,828 k (prior year: EUR 2,975 k). This income is subject to contract costs of EUR 2,224 k (prior year: EUR 1,794 k). This results in a profit from construction contracts of EUR 1,604 k (prior year: EUR 1,181 k).

2. Research and development costs

Pursuant to IAS 38, non-project-related development costs must be capitalised if the prerequisites of IAS 38.57 are fulfilled.

In 2015, all of the product development was non-project-related, which does not, however, meet the recognition criteria in IAS 38.57. The development costs for the projects of EUR 8,049 k (prior year: EUR 7,694 k) must be expensed in the reporting period.

3. Other operating income

Other operating income breaks down as follows:

in EUR k	2015	2014
Income from the cross-charging of marketing and administrative costs	194	122
Income from pre-school subsidy, investment subsidy	28	28
Income from sub-lets, including incidental costs	17	15
Income from insurance refunds/damages	183	39
Income from exchange differences	478	33
Income from the reversal of provisions	776	259
Income from receivables written off	4	7
Income from the sale of non-current assets	24	10
Other income	82	121
Total	1,786	634

The income from exchange differences stemmed in particular from the translation of US dollars and Swiss francs.

4. Cost of materials

This item contains the cost of purchased third-party software of EUR 40,696 k (prior year: EUR 41,947 k) and the cost of purchased services of EUR 6,190 k (prior year: EUR 6,882 k).

5. Personnel expenses

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

in EUR k	2015	2014
Wages and salaries	41,087	41,503
Social security, pension and other benefit costs	7,467	7,626
Total	48,554	49,129

Pension costs mainly include employer contributions to statutory pension insurance. Statutory pension insurance in Germany is organised as a defined contribution plan. CENIT also offers its

employees the option of making contributions to a pension trust fund or direct insurance by means of deferred compensation. For these defined contribution plans, the employer does not enter into any obligations. The value of future pension payments is based exclusively on the value of the contributions paid by the employer for the employees to the external welfare provider, including income from the investment of said contributions.

The Swiss LOB pension plans are designed as defined benefit plans in accordance with IAS 19. We refer to the comments in note F16.

An annual average (on a quarterly basis) of 632 (prior year: 665) persons were employed by the Group, plus 43 trainees (prior year: 52).

The number of employees as of the end of the reporting period came to 628 (prior year: 659). 515 of those were employed in Germany, 55 in other EU countries and 58 in other countries.

Personnel expenses comprise termination benefits totalling EUR 718 k (prior year: EUR 761 k). EUR 352 k (prior year: EUR 58 k) are reported under liabilities and EUR 243 k (prior year: EUR 703 k) under provisions as of the end of the reporting period, as they did not affect cash. In the reporting period, the liabilities include severance payments of EUR 98 k from the 2014 reporting period.

6. Amortisation of intangible assets and depreciation of property, plant and equipment

Amortisation and depreciation is broken down in the statement of changes in non-current assets presented in notes F1 and F2.

7. Other operating expenses

in EUR k	2015	2014
Motor vehicle costs	1,495	1,537
Travel expenses	2,857	2,623
Advertising costs	1,373	1,193
Telecommunication and office supplies	679	680
Premises expenses	813	817
Rent and lease expenses	3,290	3,220
Exchange rate losses	952	144
Other personnel expenses	255	173
Legal and consulting fees	1,085	1,421
Commission	146	326
Training	325	310
Insurance	360	355
Repairs and maintenance	955	887
Payment of the supervisory board	72	72
Impairment losses and bad debts	9	52
Other	462	598
Total	15,128	14,408

8. Interest result

The total interest income and total interest expenses for financial assets and financial liabilities measured both at amortised cost and at fair value through profit or loss break down as follows:

in EUR k	2015	2014
Interest income from bank balances	46	157
Interest income from business taxes	15	0
Total interest income	61	157
Utilisation of credit lines and guarantees	14	15
Interest expenses for business taxes	9	13
Interest expenses from unwinding of the discount on accrued liabilities	-2	43
Net interest from the measurement of pension obligations	20	9
Total interest expenses	41	80
Interest result	20	77

9. Income taxes

Income taxes contain German corporate income tax including solidarity surcharge and trade tax. Comparable taxes of foreign subsidiaries are also shown in this item.

Expenses from income taxes break down as follows:

in EUR k	2015	2014
Current tax expense	3,368	3,527
Change in deferred taxes	-63	-480
Total	3,305	3,047

The current tax expense includes income of EUR 275 k relating to other periods (prior year: income of EUR 23 k).

Deferred taxes are calculated using the individual company tax rate. These are as follows:

in %	2015	2014
CENIT	30.00	30.00
CENIT CH	22.00	22.00
CENIT NA	37.00	37.00
CENIT RO	16.00	16.00
CENIT F	33.00	33.00
CENIT J	39.43	39.43

We refer to note F4 with respect to the change in deferred taxes. The expected tax burden on the taxable profit is 30% as of the end of the reporting period (prior year: 30%) and is calculated as follows:

in %	2015	2014
Trade tax at a rate of 404.9% (prior year: 404.9%)	14.17	14.17
Corporate income tax	15.00	15.00
Solidarity surcharge (5.5% of corporate income tax)	0.83	0.83
Effective tax rate	30.00	30.00

The difference between the current tax expense and the theoretical tax expense that would result from a tax rate of 30% (prior year: 30%) for CENIT AG breaks down as follows:

in EUR k	2015	2014
Net profit or loss for the period before taxes (EBT)	10,621	9,405
Theoretical tax expense based on a tax rate of 30% (prior year: 30%)	-3,186	-2,822
Non-deductible expenses	-198	-138
Tax-free income	83	73
Income relating to other periods	275	0
Effects of different tax rates within the Group and tax rate changes	-331	-192
Non-deductible/creditable taxes	36	0
Other	16	32
Income tax expense according to the consolidated income statement	-3,305	-3,047
Tax rate	31.1%	32.4%

10. Earnings per share

Earnings per share are calculated in accordance with the rules in IAS 33, Earnings per Share, by dividing the group earnings by the weighted average number of shares outstanding during the reporting period. Basic earnings per share do not take into account any options, and are calculated by dividing the net earnings attributable to shares after non-controlling interests by the average number of shares. Earnings per share are diluted if, in addition to ordinary shares, equity instruments are issued from capital stock that could lead to a future increase in the number of shares. Options or warrants are taken into account only if the average share price for the ordinary shares during the reporting period exceeds the strike price of the options or warrants. This effect is calculated and stated accordingly.

The following reflects the underlying amounts used to calculate the basic and diluted earnings per share:

in EUR k	2015	2014
Net profit/loss attributable to ordinary shareholders of the parent	7,316	6,358
Weighted average number of ordinary shares used to calculate basic earnings per share	8,367,758	8,367,758

No treasury shares were held as of the end of the reporting period.

There have been no transactions involving ordinary shares or potential ordinary shares between the end of the reporting period and the date of preparing the consolidated financial statements. Based on IAS 33.49, basic and diluted earnings per share total EUR 0.87 (prior year: EUR 0.76).

11. Dividends paid and proposed

Declared and paid dividends on ordinary shares during the reporting period:

in EUR k	2014	2013
Final dividend for 2014: EUR 0.90 (2013: EUR 0.35)	7,531	2,929

The management board and supervisory board will propose to the shareholder meeting on 6 May 2016 that a dividend of EUR 0.50 and a base dividend of EUR 0.50 per share announced in the prior year be distributed from the retained earnings. The proposed dividend for 2015 is thus EUR 1.00 per share.

in EUR k	2015	2014
Final dividend for 2015: EUR 1.00 (2014: EUR 0.90)	8,368	7,531

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

F. Statement of financial position

1. Intangible assets

Intangible assets developed as follows in 2015:

in EUR k	Software and licenses	Customer base	Order backlog	Payments on account	Total
Cost					
As of 1 January 2015	4,432	6,262	0	185	10,879
Exchange difference	9	203	0	0	212
Additions	672	0	0	0	672
Reclassifications	185	0	0	-185	0
Disposals	677	0	0	0	677
As of 31 December 2015	4,621	6,465	0	0	11,086
Accumulated amortisation					
As of 1 January 2015	2,529	4,440	0	0	6,969
Exchange difference	5	139	0	0	144
Additions	615	653	0	0	1,268
Disposals	676	0	0	0	676
As of 31 December 2015	2,473	5,232	0	0	7,705
Net carrying amounts	2,148	1,233	0	0	3,381
Cost					
As of 1 January 2014	2,769	6,224	0	234	9,227
Exchange difference	6	38	0	0	44
Additions from business acquisition	709	0	39	0	748
Additions	721	0	0	240	961
Reclassifications	289	0	0	-289	0
Disposals	62	0	39	0	101
As of 31 December 2014	4,432	6,262	0	185	10,879
Accumulated amortisation					
As of 1 January 2014	1,993	3,615	0	0	5,608
Exchange difference	3	24	0	0	27
Additions	595	801	39	0	1,435
Disposals	62	0	39	0	101
As of 31 December 2014	2,529	4,440	0	0	6,969
Net carrying amounts	1,903	1,822	0	185	3,910

Amortisation was reported in the income statement under amortisation of intangible assets and depreciation of property, plant and equipment.

The customer base from purchase accounting of conunit GmbH has a remaining amortisation period of 4 years and 6 months as of the end of the reporting period. The residual carrying amount as of the end of the reporting period totals EUR 1,062 k. In addition, software acquired as part of the business combination was capitalised which has a residual carrying amount of EUR 96 k as of the end of the reporting period. The remaining amortisation period also amounts to 4 years and 6 months.

The customer base from purchase accounting of Transcat PLM AG has a remaining amortisation period of five months as of the end of the reporting period. As of the end of the reporting period, this customer base has a residual carrying amount of EUR 171 k.

As part of the acquisition of SPI Numérique SARL, software was identified and recognised at an amount of EUR 708 k. The software from purchase accounting of SPI Numérique SARL has a residual carrying amount of EUR 578 k as of the end of the reporting period. The remaining amortisation period as of the end of the reporting period is 8 years and 3 months.

Impairment losses

There were no indications of impairment in the current 2015 reporting period.

2. Property, plant and equipment

Property, plant and equipment developed as follows in 2015:

in EUR k	Buildings including buildings on third-party land	Plant and machinery	Furniture and fixtures	Payments on account	Total
Cost					
As of 1 January 2015	1,815	6,677	1,058	0	9,550
Exchange difference	9	47	13	0	69
Additions from business acquisition	0	0	0	0	0
Additions	209	647	139	0	995
Reclassification	0	0	0	0	0
Disposals	80	1,871	470	0	2,421
As of 31 December 2015	1,953	5,500	740	0	8,193
Accumulated depreciation					
As of 1 January 2015	1,068	5,152	842	0	7,062
Exchange difference	4	34	11	0	49
Additions	83	595	150	0	828
Disposals	80	1,865	455	0	2,401
As of 31 December 2015	1,075	3,914	548	0	5,538
Net carrying amounts	878	1,585	192	0	2,655
Cost					
As of 1 January 2014	1,809	6,247	940	27	9,023
Exchange difference	5	34	13	0	52
Additions from business acquisition	0	0	33	0	33
Additions	1	647	128	1	777
Reclassification	0	28	0	-28	0
Disposals	0	279	55	0	334
As of 31 December 2014	1,815	6,677	1,058	0	9,550
Accumulated depreciation					
As of 1 January 2014	1,006	4,728	722	0	6,456
Exchange difference	2	22	10	0	34
Additions	60	678	161	0	899
Disposals	0	276	51	0	327
As of 31 December 2014	1,068	5,152	842	0	7,062
Net carrying amounts	747	1,525	216	0	2,488

3. Investments in joint ventures

CENIT AG holds a share of 33.3% in CenProCS AIRliance GmbH, an entity domiciled in Stuttgart. This entity specialises 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 earnings of the joint venture that is included in the consolidated financial statements as of 31 December 2015 breaks down as follows:

in EUR k	2015	2014
Current assets (thereof cash: EUR 61 k (prior year: EUR 99 k))	1,977	2,318
Non-current assets	0	0
Current liabilities	-1,927	-2,267
Non-current liabilities	0	0
Net assets	50	51
Revenue	5,368	6,835
Total comprehensive income	0	0
Carrying amount of the investment	53	54

As of 31 December 2015, CenProCS AIRliance GmbH reported a profit of EUR 0 k (prior year: EUR 0 k).

4. Deferred taxes

The recognition and measurement differences determined between the profit in the tax accounts and the financial statements under German commercial law and the adjustments of the financial statements under German commercial law of the consolidated entities to IFRS led to deferred taxes of the following amounts in the following items:

in EUR k	Deferred tax assets		Deferred tax liabilities	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Deferred tax assets on unused tax losses	150	124	0	0
Property, plant and equipment	0	0	73	45
Intangible assets	0	0	385	539
General valuation allowances	0	0	45	75
Receivables from service agreements	0	0	498	362
Other provisions and accrued liabilities	177	193	0	0
IAS 19 pension obligations	287	268	0	0
Consolidation procedures	13	31	0	0
Total	627	616	1,001	1,021
Netting	-227	-368	-227	-368
Total	400	248	774	653

The change in deferred taxes on actuarial gains/losses from defined benefit obligations recognised in other comprehensive income of EUR 45 k (prior year: EUR 129 k) was recognised in other comprehensive income. The other changes in deferred tax assets and liabilities had an effect on income in the reporting year and in the prior year.

As of 31 December 2015, no deferred income tax payables for taxes on untransferred profits were recognised (outside basis differences). As of the end of the reporting period, the latter amount to EUR 52 k (prior year: EUR 63 k).

As of the end of the reporting period, the Group had unused tax losses of EUR 380 k (prior year: EUR 319 k) for which deferred tax assets of EUR 150 k (prior year: EUR 124 k) were recognised. These relate to CENIT Japan. If business volume expands profitably, it is assumed that this deferred tax asset can be realised in future periods.

5. Inventories

in EUR k	31 Dec. 2015	31 Dec. 2014
Merchandise (measured at cost)	35	5
Payments on account made	41	2
Total	76	7

No write-downs to the net realisable value were recorded in the 2015 reporting period (prior year: EUR 0 k).

6. Receivables

Trade receivables totalling EUR 17,947 k (prior year: EUR 17,377 k) are due from third parties, as well as EUR 3,112 k (prior year: EUR 3,265 k) from joint ventures.

Receivables include receivables from construction contracts (PoC) totalling EUR 3,828 k (prior year: EUR 2,975 k). Contract costs of EUR 2,224 k (prior year: EUR 1,794 k) were incurred on these receivables. This results in a profit from construction contracts of EUR 1,604 k (prior year: EUR 1,181 k). Payments on account received for receivables from construction contracts amounted to EUR 4,960 k (prior year: EUR 3,664 k). Because these are payments on account and not progress billings based on the stage of completion, they are reported as other liabilities in the statement of financial position.

Specific valuation allowances not tied to any periods were recognised for specific default risks (settlement, insolvency). As of the end of the reporting period, specific valuation allowances were recognised for EUR 18 k of trade receivables (prior year: EUR 26 k).

The age structure of trade receivables and receivables from joint ventures was as follows at the end of the reporting period:

in EUR k	Total	thereof: impaired	thereof: neither past due nor impaired at the end of the reporting period	thereof: past due but not impaired			
				less than 30 days	between 30 and 60 days	between 61 and 90 days	between 91 and 180 days
2015	21,077	18	16,990	3,480	261	132	196
2014	20,668	26	15,944	4,209	296	140	53

The ten largest accounts receivable represent a receivables balance of EUR 7,900 k as of the end of the reporting period. This represents a share of 44%. The credit quality of the receivables as of the end of the reporting period which were neither past due nor impaired is seen as appropriate. There are no indications of impairment. The credit ratings of the debtors are monitored on an ongoing basis.

As of the end of the reporting period, EUR 18 k of trade receivables was impaired (prior year: EUR 26 k). The allowance account developed as follows:

in EUR k	Individually determined to be impaired
As of 1 January 2014	6
Addition (+)/reversal (-)	20
As of 31 December 2014	26
Addition (+)/reversal (-)	-8
As of 31 December 2015	18

When testing trade receivables for impairment, any change in the credit rating that has occurred by the end of the reporting period since the payment term was granted is taken into account. There is no notable concentration of credit risk, as the customer base is diverse and there is no overlapping.

There are no trade receivables due in more than one year that are reported under non-current assets.

A breakdown of receivables by country is as follows:

in EUR k	31 Dec. 2015	31 Dec. 2014
Germany	16,016	15,483
Rest of Europe	2,238	3,174
Third countries	2,805	1,985
Total	21,059	20,642

7. Other receivables

Other receivables break down as follows:

in EUR k	31 Dec. 2015	31 Dec. 2014
Receivables from staff	7	0
Receivables from deposits	61	58
Receivables from damages	5	50
Repayment receivable	81	21
Other	10	52
Total	164	181

Other receivables are short term, not past due and not impaired. There are no non-current assets from claims for damages in the reporting period (prior year: EUR 83 k).

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

There are no financial assets at fair value through profit or loss as of the end of the reporting period (prior year: EUR 0 k).

9. Tax receivables

The long-term income tax receivables relate to the capitalised corporate income tax credit. This is recognised at its present value. The present value was determined using a discount rate of 4.0%.

The short-term current tax receivables of EUR 611 k in total (prior year: EUR 978 k) mainly relate to claims for prepayments for corporate income tax, trade tax of EUR 354 k in total (prior year: EUR 884 k), the short-term portion of capitalised corporate income tax credits of EUR 94 k (prior year: EUR 94 k) and receivables from VAT prepayments of EUR 163 k (prior year: EUR 0 k).

10. Cash and cash equivalents

Cash and cash equivalents break down as follows:

in EUR k	31 Dec. 2015	31 Dec. 2014
Bank balances	33,931	33,242
Cash on hand	10	8
Total	33,941	33,250

Bank balances earn interest at the floating rates based on daily bank deposit rates. The fair value of cash amounts to EUR 33,941 k (prior year: EUR 33,250 k).

The Group has credit lines of EUR 2,500 k as of the end of the reporting period (prior year: EUR 3,197 k). Of this amount, there is a figure of EUR 1,500 k that can be availed of either as a

loan or as a guarantee. The Group utilised EUR 1,408 k of this amount as a guarantee as of the end of the reporting period.

Cash is a component of cash and cash equivalents pursuant to IAS 7. The composition of cash and cash equivalents is presented in note G.

11. Prepaid expenses

Prepaid expenses break down as follows:

in EUR k	31 Dec. 2015	31 Dec. 2014
Prepaid maintenance fees	3,448	3,869
Prepaid rights of use and car insurance	999	1,006
Total	4,447	4,875

The prepaid maintenance fees involve prepayments by the CENIT Group for the 2016 period that will be recorded as expenses in the following year.

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 divided into 8,367,758 no-par value shares of EUR 1.00 each (prior year: 8,367,758 no-par value shares of EUR 1.00 each). The shares are bearer shares and are no-par value common shares only.

The Company still holds no treasury shares.

Authorised capital

The management board is authorised, with the approval of the supervisory board, to increase the capital stock by up to EUR 4,183,879.00 in total by 25 May 2016 by issuing on one or more occasions new no-par value bearer shares in return for cash contributions or contributions in kind (authorised capital 2011). The number of shares must increase in direct proportion to the increase in capital stock. The shareholders must be given a subscription right. The new shares can also be assumed by one bank or by several banks with the obligation to offer them to the Company's shareholders for purchase.

However, the management board is authorised, with the approval of the supervisory board, to preclude the shareholders' statutory subscription right in the following cases:

- The management board is authorised, with the approval of the supervisory board, to preclude any fractional shares from the shareholders' subscription right.
- The management board is authorised, with the approval of the supervisory board, to preclude the shareholders' subscription right in the event of a capital increase in return for a contribution in kind if the contribution in kind is made with the purpose of acquiring

companies, parts of companies and/or equity investments in companies or in the course of business combinations.

- c. The management board is authorised, with the approval of the supervisory board, to preclude the shareholders' subscription right in the event of a capital increase in return for a cash contribution if the capital increases passed on the basis of this approval do not exceed a total of 10% of the existing capital stock as of the date of the resolution by the shareholder meeting or as of the date on which the approval is exercised, whichever is lower, and if the issue amount is not substantially less than the quoted market price. The maximum limit of 10% of the capital stock is reduced by the proportionate amount of the capital stock accounted for by those treasury shares of the Company that were sold during the term of the authorised capital with exclusion of the subscription right of the shareholders in accordance with Sec. 71 (1) No. 8 Sentence 5 AktG and Sec. 186 (3) Sentence 4 AktG.

The total number of shares issued based on this authorisation in return for cash contributions and contributions in kind with exclusion of the subscription right cannot exceed a proportionate amount of capital stock of EUR 1,673,551 (20% of current capital stock). The management board is authorised, subject to approval of the supervisory board, to decide on further details of the capital increase and the conditions of the share issue.

The supervisory board is authorised to adjust the version of Article 5 of the articles of incorporation and bylaws after partial or full implementation of the increase in capital stock in accordance with the respective utilisation of the authorised capital.

Notes on the components of equity

The capital reserves contain the share premium realised from issuing shares of the parent company in excess of their nominal value. If the legal reserve and the capital reserves pursuant to Sec. 272 (2) Nos. 1 to 3 HGB 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 or a loss carryforward that is not covered by net income for the year or a profit carryforward respectively, and cannot be offset by releasing other revenue reserves. The capital reserves were last increased in the 2007 reporting period by EUR 195 k by pro rata posting of the stock options granted under the stock option plan 2002/2006.

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

The unrealised gains/losses from defined benefit obligations included in other revenue reserves developed as follows in the 2015 reporting period:

in EUR k	
As of 1 January 2015	792
Addition/disposal	-204
Deferred taxes	+45
As of 31 December 2015	633

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

As of the end of the reporting period, there are no non-controlling interests in equity.

13. Current income tax liabilities and other provisions

in EUR k	31 Dec. 2015	31 Dec. 2014
Current income tax liabilities	403	537
Other provisions	360	820
Total	763	1,357

Other provisions include the expenses for the shareholder meeting of EUR 80 k (prior year: EUR 80 k), payment obligations from the return of leased vehicles amounting to EUR 37 k (prior year: EUR 37 k) and provisions from personnel-related measures of EUR 243 k (prior year: EUR 703 k). The provisions are measured based on a best estimate of the settlement amount needed. There are estimation uncertainties surrounding the amount of the cash outflow.

The current income tax liabilities developed as follows:

in EUR k	
As of 1 January 2015	537
Utilisation	142
Reversal	259
Addition	267
As of 31 December 2015	403

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

in EUR k	Shareholder meeting	Return of vehicles	Personnel-related measures	Total
As of 1 January 2015	80	56	703	839
Utilisation	78	37	158	273
Reversal	2	0	438	440
Addition	80	54	136	270
As of 31 December 2015	80	73	243	396
of which long-term	0	36	0	36
of which short-term	80	37	243	360

The provisions will mainly be used in the following reporting period. Due to the volume involved, long-term provisions are reported under other liabilities.

14. Trade payables and liabilities to joint ventures

The liabilities are subject to customary retentions of title to the delivered goods.

in EUR k	31 Dec. 2015	31 Dec. 2014
Trade payables to third parties	2,788	4,168
Liabilities to joint ventures	37	51
Total	2,825	4,219

Of the total liabilities, EUR 2,825 k is due within one year (prior year: EUR 4,219 k). These are not subject to interest.

15. Other liabilities

Other current liabilities break down as follows:

in EUR k	31 Dec. 2015	31 Dec. 2014
VAT/wage tax payables	751	1,948
Liabilities for social security	124	115
Employer's liability insurance, compensatory levy in lieu of employing severely disabled persons	200	212
Vacation and bonus entitlements	3,685	3,844
Long-service awards	57	62
Personnel adjustment measures	352	58
Supervisory board compensation	68	68
Outstanding purchase invoices	750	957
Payments on account received	4,960	3,664
Financial statements costs	125	127
Purchase price liability	270	398
Other	806	1,118
Total	12,148	12,571

Other non-current liabilities break down as follows:

in EUR k	31 Dec. 2015	31 Dec. 2014
Long-service awards	333	351
Pension obligations	1,302	1,219
Long-term management board remuneration	806	606
Other	71	60
Total	2,512	2,236

The long-service awards total EUR 390 k. Of this figure, EUR 333 k is reported in non-current and EUR 57 k in current other liabilities. There are no written commitments to the employees for the long-service awards. These were recognised as liabilities on account of the payment method and the resulting indication of company practise.

16. Pension plans

Defined contribution plans

The Group offers all employees in Germany with an unterminated and permanent employment relationship the possibility to participate in an employer-funded pension scheme. CENIT voluntarily pays, with a right of revocation, a pre-defined fixed amount each month into a defined contribution pension insurance policy of an insurance firm. This resulted in expenses of EUR 202 k (prior year: EUR 203 k) for CENIT in the reporting period.

In addition, for all employees in Germany there is a defined contribution plan as part of German statutory pension insurance. The employer has to pay an applicable contributory rate of currently 9.35% (employer contribution) of the remuneration subject to pension contributions.

Defined benefit plans

The LOB old-age pension in Switzerland is designed as a defined benefit plan pursuant to IAS 19 and thus presented in the statement of financial position. Actuarial gains and losses are recognised in other comprehensive income according to the method chosen.

The following tables summarise the components of net benefit expense recognised in the income statement and amounts recognised in the statement of financial position for the respective plans.

The total obligation recognised in the statement of financial position from the defined benefit plans is as follows:

in EUR k	2015	2014
Present value of the defined benefit obligation	5,574	5,187
Fair value of plan assets	4,272	3,968
Benefit liability	1,302	1,219

The net liability developed as follows:

in EUR k	2015	2014
Net liability as of 1 January	1,219	574
Net expense recognised	340	210
Contributions by the employer	-183	-166
Actuarial losses/gains	-204	588
Net foreign exchange difference	130	13
Net liability as of 31 December	1,302	1,219

Changes in the present value of the defined benefit obligation are as follows:

in EUR k	2015	2014
Present value of defined benefit obligation as of 1 January	5,187	4,463
Current service cost	320	200
Interest expense	84	92
Contributions by plan participants	174	161
Actuarial gains/losses	-133	143
Benefits paid/reimbursed	-628	30
Net foreign exchange difference	570	98
Present value of defined benefit obligation as of 31 December	5,574	5,187

The changes in fair value of the plan assets are as follows:

in EUR k	2015	2014
Fair value of plan assets as of 1 January	3,968	3,889
Expected return on plan assets	65	82
Actuarial gains/losses	71	-445
Contributions by the employer	183	166
Contributions by plan participants	174	161
Benefits paid	-628	30
Net foreign exchange difference	439	85
Fair value of plan assets as of 31 December	4,272	3,968

All of the plan assets come from other investments. The total return expected on plan assets is calculated on the basis of past experience. This is reflected in the principal assumptions (see below). The actual return on plan assets came to EUR 137 k in total (prior year: EUR -363 k).

in EUR k	2015	2014
Current service cost	320	200
Interest expense	84	92
Expected return on plan assets	-65	-82
Net benefit expense	339	210

The Group expects to contribute EUR 188 k in total to its defined benefit pension plans in the 2016 reporting period.

Actuarial gains and losses recognised in other comprehensive income are as follows:

in EUR k	2015	2014
Cumulative amount recognised in revenue reserves as of 1 January	1,015	427
Amount recognised in the current year	-204	588
Cumulative amount recognised in revenue reserves as of 31 December	811	1,015

The principal assumptions used in determining the pension obligation are shown below:

%	2015	2014
Discount rate	1.0	1.5
Expected return on plan assets	1.0	1.5
Anticipated rate of salary increase	1.0	1.0

The amounts for the current and prior reporting periods are as follows:

in EUR k	2015	2014	2013	2012	2011
Present value of the defined benefit obligation	5,574	5,187	4,463	4,104	2,283
Plan assets	4,272	3,968	3,889	3,379	2,075
Deficit/surplus	-1,302	-1,219	-574	-725	-208
Experience adjustments on plan liabilities	-228	-107	-148	93	-10
Experience adjustments on plan assets	71	-445	207	-99	-138

The authoritative actuarial assumptions used to calculate the defined benefit obligation are the discount rate and the rate of salary increase. The sensitivity analyses presented below were carried out on the basis of the changes in the respective assumptions as of the end of the reporting period that are reasonably possible, with the other assumptions remaining unchanged in each case.

If the discount rate were to go up by 0.5% or down by 0.5%, the obligation would decrease by 5.0% and increase by 5.6% respectively.

If the rate of salary increase were to rise by 0.5% or drop by 0.5%, the obligation would increase by 0.4% or fall by 0.4% respectively.

17. Financial risk management objectives and policies

The aim of the disclosures required in accordance with IFRS 7 is to provide information relevant for decision making on the amount, timing and probability of occurrence of future cash flows that result from financial instruments, and to assess the risks resulting from financial instruments.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Apart from cash, financial assets primarily involve non-securitised receivables, such as trade receivables, loans and loan receivables, and securitised receivables, such as cheques, bills of exchange or debenture bonds. Financial assets can also include held-to-maturity investments and derivatives held for trading. Financial liabilities on the other hand generally give rise to a contractual obligation to return cash or other financial assets. These include in particular trade payables, liabilities to banks, bonds, liabilities on bills accepted and drawn as well as written options and derivative financial instruments with a negative fair value.

The Group's principal financial instruments, other than derivatives, comprise overdrafts and trade payables. The main purpose of these financial instruments is to finance the Group's business activities. The Group has various financial assets such as trade receivables, securities, cash and short-term deposits which arise directly from its business activities.

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

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

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk and other price risks, such as the equity price risk. The Group does not envisage any material market price risk. For the other market risks listed above, we refer to the following comments.

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.

The Group obtains credit ratings from external agencies before accepting a new customer in order to assess the creditworthiness of prospective customers and define their credit limits.

Credit ratings for major new customers are made by Creditreform e.V. For new and existing customers, the credit risk is reduced among other things by issuing invoices for downpayments. The payment behaviour of existing customers is analysed on a constant basis. In addition, the credit risk is controlled using limits for each contractual party, which are examined annually.

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

In addition, receivables 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, such as cash and cash equivalents, the Group's maximum exposure to credit risk arising from default of the counterparty is equal to the carrying amount of these instruments.

In addition to customary retention of title, the Group does not have any collateral or other credit enhancement measures that would reduce this default risk.

Currency risk

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

In addition, there are currency risks from domestic bank balances denominated in USD. The resulting risks amount to EUR 165 k (prior year: EUR 1 k) with a total volume of USD 1,800 k (prior year: USD 10 k) and a change of +/- 10%. The risk from cash on hand is considered immaterial on the whole. The currency risk from other bank balances mainly involves figures of CHF 2,863 k (prior year: CHF 277 k) and USD 3,770 k (prior year: USD 4,986 k) and amounts to EUR 611 k (prior year: EUR 434 k) with a change of +/- 10%. There are no other risks from foreign currencies.

Interest rate risk

The Group is generally not exposed to any risk from changes in market interest rates because it has not borrowed any non-current financial liabilities with floating interest rates. The Group only sees an interest rate risk from investing cash and cash equivalents. This risk is not deemed material. With average cash and cash equivalents of EUR 37,578 k, this would result in an effect on profit of EUR +/- 376 k if the interest rate were to fluctuate by +/- 1%.

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

As of the end of both reporting periods, there were no derivative financial instruments for hedging against interest risks.

Liquidity risk

The Group needs sufficient liquidity to meet its financial obligations. Liquidity risks arise from the possibility that customers may not be able to settle obligations to the Group under normal trading conditions. The Group manages liquidity risk by maintaining adequate reserves, credit lines from banks and by constantly monitoring forecast and actual cash flows and reconciling the maturity profiles of financial assets and liabilities. The credit rating of the Group allows sufficient cash to be procured. Moreover, the Group has lines of credit that have not yet been used.

Thanks to the large amount of cash and cash equivalents and highly liquid securities, there are currently no liquidity or refinancing risks at group level.

The financial liabilities all fall due within a maximum of one year.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and a maximum equity ratio in order to support its business and maximise 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 can adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies and methods as of 31 December 2015 and 31 December 2014.

The Group monitors its capital in relation to total assets. Equity includes the equity attributable to shareholders of the parent. Total assets comprise the total assets reported in the consolidated statement of financial position (in accordance with IFRS).

in EUR k	31 Dec. 2015	31 Dec. 2014
Total assets	66,873	66,885
Equity attributable to shareholders of the parent company	39,843	39,352
Equity as a percentage of total assets (%)	59.6	58.8

18. Financial instruments

The table below shows the carrying amounts and fair values of all of the Group's financial instruments included in the consolidated financial statements.

in EUR k	Carrying amount	Carrying amount	Fair value	Fair value
	2015	2014	2015	2014
Financial assets				
Cash and cash equivalents	33,941	33,250	33,941	33,250
Other financial assets at fair value through profit or loss	0	0	0	0
Loans and receivables	21,223	20,823	21,223	20,823
thereof:				
• Trade receivables	17,947	17,377	17,947	17,377
• Receivables from a joint venture	3,112	3,265	3,112	3,265
• Other receivables	164	181	164	181
	55,163	54,073	55,163	54,073

Financial liabilities				
Other financial liabilities	2,825	4,219	2,825	4,219
thereof:				
• Trade payables	2,788	4,168	2,788	4,168
• Liabilities to a joint venture	37	51	37	51
	2,825	4,219	2,825	4,219

The fair value of the financial assets and financial liabilities corresponds to their carrying amount at amortised cost because they are current assets and liabilities only. The fair value of financial assets measured at fair value results from the observable prices on the market.

G Statement of cash flows

The statement of cash flows shows how the cash and cash equivalents of the CENIT Group changed during the course of the reporting period and the prior year as a result of cash inflows and outflows. Cash flows were broken down into cash flow from operating, investing and financing activities in accordance with IAS 7. The amounts reported from foreign entities are generally translated at the annual average rates. However, as in the statement of financial position, liquidity is reported at the closing rate. The foreign currency effects on cash are shown separately if they are material.

The cash flow from investing activities and financing activities is determined on the basis of payments made or received. The cash flow from operating activities, on the other hand, is derived indirectly from the Group's net income or loss for the year. When performing the indirect calculation, changes in items in the statement of financial position considered in connection with ordinary activities are adjusted for effects from currency translation and changes in the basis of consolidation. There are therefore differences compared to changes in the relevant items in the consolidated statement of financial position.

Investments in property, plant and equipment, intangible assets and financial assets are included in the cash outflow 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.

Cash and cash equivalents include all cash and cash equivalents reported in the statement of financial position provided they have an original maturity of less than three months. As of the end of the reporting period, cash and cash equivalents break down as follows:

in EUR k	31 Dec. 2015	31 Dec. 2014
Bank balances	33,931	33,242
Cash on hand	10	8
Cash and cash equivalents	33,941	33,250

H Segment reporting

Pursuant to IFRS 8, business segments must be demarcated based on the internal reporting from group divisions that are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

For management purposes, the Group is organised into business units based on its products and services, and has two reportable operating segments as follows:

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

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 from Dassault Systèmes or SAP, and internally developed software such as cenitCONNECT and FASTSUITE. The Enterprise Information Management (EIM) segment focuses on the customer segment of trade and commerce, banks, insurance firms and utilities. The focus here is on products of the strategic software partner IBM and internally developed software and consultancy services in the fields of document management and business intelligence.

In the segmentation by business unit and by region, those financial assets and tax reimbursement rights 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 the customer of the individual segment.

In the 2015 reporting period, 8.5% of sales was recorded with a single customer (prior year: 11%). These sales are attributable first and foremost to the PLM segment.

SEGMENT REPORTING BY BUSINESS UNIT (in accordance with IFRS)					
in EUR k		EIM	PLM	Reconciliation	Group
External revenue	2015	23,540	97,939	0	121,479
	2014	25,822	97,572	0	123,394
EBIT	2015	1,475	9,126	0	10,601
	2014	956	8,372	0	9,328
Share of profit of the joint venture	2015	0	0	0	0
	2014	0	0	0	0
Other interest result and financial result	2015	0	0	20	20
	2014	0	0	77	77
Income taxes	2015	0	0	3,305	3,305
	2014	0	0	3,047	3,047
Group earnings	2015	1,475	9,126	-3,285	7,316
	2014	956	8,373	-2,971	6,358
Segment assets	2015	5,898	25,866	35,056	66,820
	2014	8,520	23,649	34,663	66,832
Investment in a joint venture	2015	0	53	0	53
	2014	0	54	0	54
Segment liabilities	2015	6,766	19,085	1,179	27,030
	2014	7,039	19,303	1,191	27,533
Investments in property, plant and equipment and intangible assets	2015	339	1,328	0	1,667
	2014	313	2,206	0	2,519
Amortisation and depreciation	2015	555	1,541	0	2,096
	2014	618	1,716	0	2,334
EIM = Enterprise Information Management; PLM = Product Lifecycle Management					

The segmentation by region is shown below:

SEGMENT REPORTING BY COUNTRY (in accordance with IFRS)										
in EUR k		Germany	Switzerland	North America	Romania	France	Japan	Reconciliation	Consolidation	Group
External revenue	2015	91,939	11,813	14,794	1,536	439	958	0	0	121,479
	2014	99,221	11,269	10,818	1,140	346	600	0	0	123,394
Segment assets	2015	28,491	2,498	4,452	311	222	351	35,056	-4,561	66,820
	2014	28,255	3,715	3,274	459	1,027	256	34,663	-4,817	66,832
Investment in a joint venture	2015	53	0	0	0	0	0	0	0	53
	2014	54	0	0	0	0	0	0	0	54
Investments in property, plant and equipment and intangible assets	2015	1,403	5	136	21	102	0	0	0	1,667
	2014	1,592	28	42	52	802	3	0	0	2,519

The reconciliation of segment assets breaks down as follows:

in EUR k	31 Dec. 2015	31 Dec. 2014
Deferred tax assets	400	248
Long-term income tax receivable	85	169
Current income tax assets	611	978
Other receivables	19	18
Cash and cash equivalents	33,941	33,250
Total	35,056	34,663

The reconciliation of segment liabilities breaks down as follows:

in EUR k	31 Dec. 2015	31 Dec. 2014
Deferred tax liabilities	774	653
Current income tax liabilities	403	537
Other liabilities	2	1
Total	1,179	1,191

There were no material non-cash expenses in the reporting period or in the prior year except amortisation and depreciation and additions to provisions.

I Other notes

1. Contingent liabilities and other financial obligations

As of the end of the reporting period there were no contingent liabilities that would require disclosure in the statement of financial position 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:

in EUR k	2015	2014
Rental and lease obligations		
Due in less than 1 year	2,907	3,009
Due in 1 to 5 years	6,058	5,817
Due in more than 5 years	1,123	1,916
Total	10,088	10,742

Other financial obligations principally consist of tenancy obligations of EUR 6,972 k (prior year: EUR 7,982 k) entered into for the office buildings rented in Germany and vehicle lease agreements of EUR 1,702 k (prior year: EUR 1,646 k). The agreements include options to extend the terms and price escalation clauses as are customary in the industry.

The company cars and communications equipment were also leased by means of lease agreements in order to guarantee that these are always up to date and to avoid tying up liquidity. These agreements result in cash outflows in future periods that are included in the above list.

No material income from sublease agreements is expected in future periods.

2. Related party disclosures

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

Transactions with related parties were conducted by CENIT with one member of the supervisory board. This resulted in consulting expenses of EUR 18 k in the 2015 reporting period (prior year: EUR 19 k) due to CENIT and consulting expenses of EUR 2 k (prior year: EUR 1 k) due to a joint venture. The business was transacted at arm's length conditions. Furthermore, CENIT recorded sales with joint ventures amounting to EUR 10,379 k (prior year: EUR 13,042 k).

As of the end of the reporting period, there were liabilities to related parties of EUR 2 k (prior year: EUR 55 k). The receivables from a joint venture are recognised separately in the statement of financial position.

The Company's management board members were:

- Dipl.-Ing. Kurt Bengel, Waiblingen, spokesman of the management board of CENIT AG
Responsible for: operations, investor relations and marketing.
- Dipl.-Wirt.-Inf. Matthias Schmidt, Bad Liebenzell, member of the management board of CENIT AG
Responsible for: finance, organisation and personnel.

The Company's supervisory board members were:

- Dipl.-Ing. Andreas Schmidt (independent management consultant), Ahrensburg, chairman, since 16 May 2013
- Dipl.-Kfm. Hubert Leypoldt (independent German public auditor, tax advisor, legal counsel), Dettingen/Erms, deputy chairman, since 16 May 2013
- Dipl.-Ing. Andreas Karrer (Head of Department at CENIT Aktiengesellschaft, Stuttgart), Leinfelden-Echterdingen, employee representative, since 16 May 2013

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

in EUR k	2015	2014
Kurt Bengel		
Fixed	267	244
Performance-based	157	138
Long-term incentive	161	126
Matthias Schmidt		
Fixed	232	214
Performance-based	157	112
Long-term incentive	161	130
Total	1,135	964

The variable remuneration component breaks down into a short-term and long-term component, with the short-term portion being paid out in the subsequent year. The long-term portion is paid out after three years provided that other criteria have been met. Total annual remuneration is capped in each case to EUR 750,000.00.

The employment contracts of Mr. Bengel and Mr. Schmidt provide for compensation payments pursuant to Sec. 74 HGB for the term of a one-year ban on competition and full remuneration paid to the surviving dependants of deceased management board members for a six-month period.

No further pension obligations or benefits were promised in the event of termination of service. In the event that the Company terminates the agreement before its expiry without good reason, the management board member receives a severance payment of no more than twice the annual fixed remuneration agreed in the agreement for the remainder of the employment agreement. In any case, no more than the remaining term of the employment agreement will be remunerated.

In accordance with Article 14 of the articles of incorporation and bylaws, the amounts paid to the supervisory board were as follows in 2015:

in EUR k	2015	2015	2014	2014
	Fixed remuneration	Performance-related remuneration	Fixed remuneration	Performance-related remuneration
Andreas Schmidt	30.0	0	30.0	0
Hubert Leyboldt	22.5	0	22.5	0
Andreas Karrer	15.0	0	15.0	0
Total amount	67.5	0	67.5	0

The D&O insurance was continued in 2015 for management board members, supervisory board members as well as other executives. The premiums of EUR 32 k (prior year: EUR 23 k) were borne by the Company.

The management board held 7,670 shares as of the end of the reporting period (0.09% of capital stock). The supervisory board held 111,392 shares, i.e. 1.33% of the Company's capital stock.

3. Changes at shareholder level

On 10 April 2015, the Company received notification in accordance with Sec. 21 (1) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] from MainFirst SICAV, Senningerberg, Luxembourg:

MainFirst SICAV, Senningerberg, Luxembourg, informed us on 10 April 2015 pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 9 April 2015 and amounted to 3.17% on that date (corresponding to 265,356 voting rights).

In a letter dated 16 April 2015, Wallberg Invest S.A., Luxembourg, Luxembourg, announced that its share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3%.

Wallberg Invest S.A., Luxembourg, Luxembourg, informed us on 16 April 2015 pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3% on 14 April 2015 and amounted to 2.73% on that date (228,800 voting rights).

FAS S.A., Luxembourg, Luxembourg, informed us on 16 April 2015 pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3% on 14 April 2015 and amounted to 2.73% on that date (228,800 voting rights). Of that figure, 2.73% of the voting rights (corresponding to 228,800 voting rights) are allocable to FAS S.A. pursuant to Sec. 22 (1), Sentence 1, No. 1 WpHG.

Mr. Marcel Ernzer, Luxembourg, Luxembourg, informed us on 16 April 2015 pursuant to Sec. 21 (1) WpHG that his share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3% on 14 April 2015 and amounted to 2.73% on that date (228,800 voting rights). Of that figure, 2.73% of the voting rights (corresponding to 228,800 voting rights) are allocable to Mr. Marcel Ernzer pursuant to Sec. 22 (1), Sentence 1, No. 1 WpHG.

In a letter dated 29 April 2015, Axxion S.A., Grevenmacher, Luxembourg, announced that its share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3%.

Axxion S.A., Grevenmacher, Luxembourg, informed us on 29 April 2015 pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3% of voting rights on 29 April 2015 and amounted to 2.99% on that date (corresponding to 250,618 voting rights).

In a letter dated 29 October 2015, MainFirst SICAV, Senningerberg, Luxembourg, announced that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 5%.

MainFirst SICAV, Senningerberg, Luxembourg, informed us on 29 October 2015 pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 5% of voting rights on 28 October 2015 and amounted to 5.05% on that date (corresponding to 422,792 voting rights).

4. Audit and advisory fees of the auditor

in EUR k	2015	2014
Fees for the audit of the financial statements and consolidated financial statements	114	119
Fees for other services	3	3
Total	117	122

5. Events after the reporting period

As of 1 January 2016, CENIT acquired 51% of Coristo GmbH, based in Mannheim. Coristo GmbH is a leading consultancy company for SAP product structure management. The purchase price comprises a fixed payment and a variable portion that is based on future company performance. The disclosures required in accordance with IFRS 3.B66 in conjunction with IFRS 3.B64 cannot be made until a later date, as the final data relevant for initial accounting is not yet available. With the acquisition of Coristo GmbH, CENIT is expanding its competency and solution portfolio for end-to-end SAP ERP/PLM solutions and strengthening its position as a reliable partner to the manufacturing industry for digital transformation in the Industry 4.0 context.

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

The management board and supervisory board of the Company have issued the declaration for 2015 required by Sec. 161 AktG and made it available on the Company's homepage (http://www.cenit.com/de_DE/investor-relations/corporate-governance.html).

Stuttgart, 2 March 2016

CENIT Aktiengesellschaft

The Management Board



Kurt Bengel
Spokesman, Management Board



Matthias Schmidt
Member, Management Board

Audit Opinion

We have audited the consolidated financial statements prepared by the CENIT Aktiengesellschaft, Stuttgart, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the management report of the CENIT group and the company for the financial year from January 1, 2015 to December 31, 2015. The preparation of the consolidated financial statements and the management report of the CENIT group and the company in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a(1) of the HGB and the supplementary provisions of the articles of incorporation are the responsibility of the legal representatives of the parent company. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 of the HGB and the 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 management report of the CENIT group and the company are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the management report of the CENIT group and the company are examined primarily on a test basis within the framework of the audit. The audit includes assessing the financial information of those components consolidated, the scope of the consolidation, the accounting and consolidation principles used and the significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the management report of the CENIT group and the company. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a(1) of the HGB and the supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The management report of the CENIT group and the company is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Stuttgart, March 9, 2016

BDO AG
Wirtschaftsprüfungsgesellschaft

gez. Andreas Müller
Wirtschaftsprüfer
(German Public Auditor)

gez. Stefan Anderer
Wirtschaftsprüfer
(German Public Auditor)

Corporate Governance Report

At CENIT AG, good corporate governance is a core component of enterprise management. The Management and Supervisory Boards of CENIT AG welcome the model set by the German Corporate Governance Code and have resolved to widely implement and observe the regulations of the Code. In this way, CENIT AG documents the fact that responsible, values-oriented corporate governance, and its consistent monitoring, are accorded top priority within CENIT Group.

As a listed company, CENIT AG is aware that it is the shareholders who provide the necessary growth capital and thus also assume part of the entrepreneurial risk. For this reason maximum transparency, open and timely communication with investors, efficient risk management, compliance with stock exchange rules, and an enterprise management that focuses on creating added value all already form important components of CENIT's enterprise philosophy.

Additionally, CENIT AG is already subject to a number of strict reporting requirements as a result of its listed status on the Prime Standard of the regulated market. This means that CENIT AG already fulfills many of the recommendations of the German Corporate Governance Code.

Declaration of Conformity in Accordance with §161 AktG

The Management and Supervisory Boards of CENIT have issued the Declaration of Conformity with the Corporate Governance Code as prescribed by § 161 AktG [Stock Corporation Act], and have made it available on the Company's homepage (www.cenit.com).

Declaration on Corporate Governance

For the year 2015, the Management and Supervisory Boards of the Company have issued the Declaration on Corporate Governance prescribed by § 289a HGB [Commercial Code] and have made it available on the CENIT homepage via the following link:

http://www.cenit.com/de_DE/investor-relations/corporate-governance.html. The Declaration on Corporate Governance (§ 289a HGB) includes the Declaration of Conformity, information on corporate governance practices, and a description of the operating principles of the Management and Supervisory Boards.

Operating Principles of the Management and Supervisory Boards

The Supervisory Board and the Management Board work in close cooperation for the greater benefit of the Company.

The Management Board informs the Supervisory Board in a regular, timely and comprehensive manner as to the course of business, the economic and financial development of CENIT, as well as on the risk situation, risk management, compliance topics, and fundamental matters of enterprise strategy. Decisions of a substantial nature require approval by the Supervisory Board.

The chief task of the Supervisory Board is to advise and supervise the Management Board. Employee interests are appropriately represented by the employee representative on the Supervisory Board. Supervisory Board sessions are held on a regular basis, and where required supplemented by telephone conferences. Due to the low number of Supervisory Board members, committees have not been formed.

In filling management positions and when taking other personnel decisions, the Supervisory and Management Boards are guided solely by the capabilities and qualifications of the available candidates, without according any special or elevated significance to gender.

The same is true for the selection of the members of the Company's bodies. The selection prioritizes aptitude and qualification. In the opinion of CENIT AG, the special weighting of further criteria, as prescribed by the Code, would unduly restrict the selection of potential candidates for the Management/Supervisory Boards. The fact that the Management Board is currently made up of only two members and the Supervisory Board of three members also deserves mention in this context.

The Supervisory and Management Boards expressly welcome all endeavors which promote diversity and counteract discrimination on the basis of gender, or any other form of discrimination.

Supervisory Board

The Supervisory Board advises and supervises the Management Board. The Supervisory Board of CENIT AG is composed of three members. Two of these are elected by the General Meeting of Shareholders, one by the employees of the enterprise. The Chairman of the Supervisory Board is elected from among its members.

The Supervisory Board appoints the members of the Management Board. It supervises and advises the Management Board in its governance of the Company. Substantial decisions by the Management Board require Supervisory Board approval. Supervisory Board members are remunerated on a non-performance-related basis. During the reporting year, there were no changes in the composition of the Supervisory Board.

In accordance with § 14 of the Articles of Association, the members of the Supervisory Board received the following remuneration during the year 2015:

in EUR k	2015	2015	2014	2014
	Fixed remuneration	Performance-related remuneration	Fixed remuneration	Performance-related remuneration
Andreas Schmidt	30.0	0	30.0	0
Hubert Leyoldt	22.5	0	22.5	0
Andreas Karrer	15.0	0	15.0	0
Total amount	67.5	0	67.5	0

Management Board

The Management Board is the management body of the Company. It conducts the business of the enterprise on its own responsibility and within the framework determined by stock corporation law. It is obligated to further the interests of the Company and bound by principles of business policy. It reports to the Supervisory Board in a regular, timely and comprehensive manner on all substantial matters of business development, enterprise strategy, and potential risks. The remuneration of Management Board members is made up of fixed and performance-related

components. During the reporting year, there were no changes in the composition of the Management Board.

During the reporting year, the members of the Management Board received the following remuneration:

in EUR k	2015	2014
Kurt Bengel		
Fixed	267	244
Performance-based	157	138
Long-term incentive	161	126
Matthias Schmidt		
Fixed	232	214
Performance-based	157	112
Long-term incentive	161	130
Total	1,135	964

The variable remuneration of the Management Board is divided into a short-term and a long-term component, whereby the short-term component is paid out during the following year. The long-term component is paid out after three years, if and when further criteria are fulfilled. Furthermore, the total annual remuneration is capped at EUR 750,000.00 per Board member.

The employment contracts of Mr. Bengel and Mr. Schmidt include compensation payments in accordance with § 74 HGB for the duration of a one-year no-competition term, as well as provisions for six months of continued remuneration for the benefit of surviving dependents in the event of the death of a Management Board member.

No further assurances as to pension benefits and payments in the event of a termination of Management Board membership have been made. Should the Company prematurely terminate the employment contract without cause, the Management Board member shall receive a severance payment not exceeding two annual payments of the contractually agreed fixed remuneration for the remainder of the employment contract. Under no circumstances shall the payment exceed the remuneration for the remainder of the employment contract.

Shares held by Management and Supervisory Board Members

Share portfolios on December 31, 2015

Total number of shares:	8,367,758		
Management Board:		Supervisory Board:	
Kurt Bengel:	6,000	Andreas Schmidt:	108,792
Matthias Schmidt:	1,670	Hubert Leypoldt:	1,600
		Andreas Karrer:	1,000

Shareholders and General Meeting

Our shareholders exercise their rights during the General Meeting of the Company. The annual meeting of shareholders takes place during the first six months of the business year and is chaired by the Chairman of the Management Board. The General Meeting decides on all matters assigned to it by law (including election of the members of the Supervisory Board, amendments to the Articles of Association, appropriation of profits, capital measures).

All documents and information pertaining to the General Meeting are duly made available to the shareholders via our website.

Accounting and Auditing

The consolidated financial statement of CENIT Aktiengesellschaft, Stuttgart, is prepared by the Management Board in accordance with the International Financial Reporting Standards (IFRS) as they apply to the EU, and in compliance with the supplementary provisions of commercial law that apply pursuant to § 315a Para. 1 HGB. The consolidated financial statement is audited by the statutory auditor and approved by the Supervisory Board. The consolidated financial statement is made publicly available within 90 days upon adoption.

The statutory auditor is BDO Aktiengesellschaft Wirtschaftsprüfungsgesellschaft.

An agreement was reached with the statutory auditor to the effect that the Chairman of the Supervisory Board shall be immediately informed of any grounds for exclusion or exemption as well as any errors or omissions in the Declaration of Conformity as may be discovered during the course of the audit. The statutory auditor shall also immediately inform the Supervisory Board of any and all matters and events relevant to the Board's tasks that may arise during the course of the audit.

Transparent Corporate Governance

Comprehensive and timely reporting on the business situation and the business results of CENIT AG is conducted by way of the annual report, the quarterly reports, and the mid-year financial statement. The respective dates of publication are published at the beginning of each business year in our financial calendar. The Articles of Association, presentations, press releases and ad-hoc reports are made available as well. All reports and communications can be accessed on the Internet at www.cenit.com/de_DE/investor-relations.html. CENIT AG has also prepared the prescribed insider directory. The affected individuals have been informed as to their statutory duties and sanctions.

Development of CENIT Shares on the Financial Market

Graphic: Share Price Development in 2015

Cenit

ISIN: DE0005407100 | WKN: 540710

wallstreet:online



Source: wallstreet online CENIT Aktiengesellschaft, Stuttgart

CENIT shares began the 2015 stock market year at a price of EUR 11.77 and ended the year at EUR 20.46. The 52 weeks of the year saw an average trade volume of 19,669 shares per day (2014: 14,255 shares per day). The annual average price of CENIT AG shares for 2015 was EUR 16.40, with an annual high of EUR 23.50 and an annual low of EUR 11.05. Over 5 million shares were traded in total. Due to the high free-float level, only rough data is available regarding shareholder structure. In terms of shareholder size and composition, this yields the following overview of shareholder composition:

Distribution by Shareholder Group on December 31, 2015

The following investors hold a share of stock subject to a reporting requirement:

Enterprise	Reported on	Number	Percent
Invesco	Jan. 17, 2014	441,353	5.27
Mainfirst	Oct. 28, 2015	422,792	5.05
Allianz Global Investors	Jul. 1, 2014	420,958	5.03
LBBW Asset Management	Nov. 15, 2011	385,421	4.61
Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte	Aug. 5, 2011	262,000	3.13

Source: CENIT AG, Stuttgart

Currently, five banking and analysis agencies publish research reports on CENIT, namely buy recommendations by Hauck & Aufhäuser, Hamburg, equinet Bank AG, Frankfurt, GBC AG, Augsburg, Edison Investment Research, London and Mirabaud Securities, London. CENIT stock is listed on the Prime Standard of Deutsche Börse and fulfills the applicable international transparency requirements.

Responsibility Statement in the Annual Financial Report

(Group Financial Report)

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

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

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

The Management Board



Kurt Bengel
Spokesman, Management Board



Matthias Schmidt
Member, Management Board

FINANCIAL STATEMENT AG



CENIT Aktiengesellschaft, Stuttgart
BALANCE SHEET

		31 Dec. 2015	31 Dec. 2014
ASSETS	EUR	EUR	EUR
A. FIXED ASSETS			
I. Intangible assets			
1. Franchises, industrial and similar rights and assets and licenses in such rights and assets	2,051,628.38		1,779,826.49
2. Payments on account	0.00		184,991.49
		2,051,628.38	1,964,817.98
II. Property, plant and equipment			
1. Land and buildings including buildings on third-party land	774,752.94		713,787.20
2. Plant and machinery	1,441,686.99		1,403,941.13
3. Other equipment, furniture and fixtures	69,809.60		106,208.67
		2,286,249.53	2,223,937.00
III. Financial assets			
1. Shares in affiliates	923,314.22		923,314.22
2. Equity investments	52,554.25		52,554.25
		975,868.47	975,868.47
B. CURRENT ASSETS			
I. Inventories			
1. Work in process	1,839,799.55		1,673,789.87
2. Merchandise	29,318.85		0.00
3. Payments on account	42,191.74		0.00
		1,911,310.14	1,673,789.87
II. Receivables and other assets			
1. Trade receivables	10,996,945.27		10,341,815.14
2. Receivables from affiliates	1,349,850.85		1,558,794.03
3. Receivables from other investees and investors	3,089,522.59		3,236,844.02
4. Other assets	688,106.98		1,270,304.53
		16,124,425.69	16,407,757.72
III. Cash on hand, bank balances and cheques		26,726,799.22	27,126,145.97
C. PREPAID EXPENSES			
		3,212,007.35	3,539,574.01
		53,288,288.78	53,911,891.02

CENIT Aktiengesellschaft, Stuttgart
BALANCE SHEET

		31 Dec. 2015	31 Dec. 2014
EQUITY AND LIABILITIES	EUR	EUR	EUR
A. EQUITY			
I. Subscribed capital		8,367,758.00	8,367,758.00
II. Capital reserves		1,058,017.90	1,058,017.90
III. Revenue reserves			
1. Legal reserve		418,387.90	418,387.90
2. Other revenue reserves		15,370,955.48	15,370,955.48
IV. Net retained profit		8,437,195.70	7,562,330.27
		33,652,314.98	32,777,449.55
B. PROVISIONS			
1. Other provisions	6,502,903.98		7,163,080.09
		6,502,903.98	7,163,080.09
C. LIABILITIES			
1. Payments received on account of orders	3,193,794.04		2,716,223.08
2. Trade payables	2,259,899.84		3,416,242.34
3. Liabilities to affiliates	169,175.97		141,597.04
4. Liabilities to other investees and investors	37,099.74		51,219.62
5. Other liabilities	1,099,059.10		2,292,131.56
thereof for social security: EUR 0.00 (prior year: EUR 0 k)			
thereof for taxes: EUR 600,034.89 (prior year: EUR 1,541 k)			
		6,759,028.69	8,617,413.64
D. DEFERRED INCOME			
		6,374,041.13	5,353,947.74
		53,288,288.78	53,911,891.02

CENIT Aktiengesellschaft, Stuttgart
INCOME STATEMENT

		2015	2014
	EUR	EUR	EUR
1. Revenue	98,813,888.29		103,867,905.53
2. Increase in inventories of unbilled services	166,009.68		339,577.34
3. Other operating income	1,737,638.98		1,059,232.46
thereof income from currency translation: EUR 258,588.15 (prior year: EUR 44 k)			
Total operating performance		100,717,536.95	105,266,715.33
4. Cost of materials			
a. Cost of raw materials, consumables and supplies and of merchandise	32,918,730.33		34,698,878.12
b. Cost of purchased services	7,478,573.73		6,817,543.71
		40,397,304.06	41,516,421.83
5. Personnel expenses			
a. Salaries	32,891,328.99		34,893,841.91
b. Social security and pension costs	5,574,094.61		6,154,569.09
		38,465,423.60	41,048,411.00
6. Amortisation of intangible assets and depreciation of property, plant and equipment	1,248,266.32		1,260,787.23
7. Other operating expenses	13,243,160.02		14,283,416.93
thereof from currency translation: EUR 134,224.31 (prior year: EUR 58 k)			
Operating result		7,363,382.95	7,157,678.34
8. Income from equity investments		3,410,286.42	2,100,651.25
thereof from affiliates: EUR 3,410,286.42 (prior year: EUR 2,101 k)			
9. Income from other securities and loans classified as fixed financial assets		0.00	7,399.00
10. Other interest and similar income		79,264.89	162,409.21
thereof from affiliates: EUR 18,750.00 (prior year: EUR 16 k)			
11. Interest and similar expenses		38,035.81	43,632.59
thereof from unwinding of the discount on provisions: EUR 23,724.88 (prior year: EUR 29 k)			
Result from ordinary activities		10,814,898.45	9,384,505.21
12. Income taxes		2,349,007.91	2,300,205.59
13. Other taxes		60,042.91	55,190.74
14. Net income for the year		8,405,847.63	7,029,108.88

CENIT Aktiengesellschaft, Stuttgart
STATEMENT OF CHANGES IN FIXED ASSETS

Acquisition and production cost

in EUR	As of 1 Jan. 2015	Additions	Disposals	Reclassification	As of 31 Dec. 2015
I. Intangible assets					
1. Purchased franchises, industrial and similar rights and assets and licenses in such rights and assets	4,038,236.57	652,371.10	656,055.63	184,991.49	4,219,543.53
2. Payments on account	184,991.49	0.00	0.00	-184,991.49	0.00
Total	4,223,228.06	652,371.10	656,055.63	0.00	4,219,543.53
II. Property, plant and equipment					
1. Land and buildings including buildings on third-party land	1,739,006.52	140,460.50	80,593.00	0.00	1,798,874.02
2. Plant and machinery	6,257,065.45	568,729.56	1,774,362.21	0.00	5,051,432.80
3. Other equipment, furniture and fixtures	678,164.18	41,126.92	392,438.34	0.00	326,852.76
Total	8,674,236.15	750,316.98	2,247,393.55	0.00	7,177,159.58
III. Financial assets					
1. Shares in affiliates	923,314.22	0.00	0.00	0.00	923,314.22
2. Equity investments	52,554.25	0.00	0.00	0.00	52,554.25
Total	975,868.47	0.00	0.00	0.00	975,868.47
Fixed assets - total -	13,873,332.68	1,402,688.08	2,903,449.18	0.00	12,372,571.58

Accumulated amortisation, depreciation and write-downs				Net book values	
As of 1 Jan. 2015	Additions	Disposals	As of 31 Dec. 2015	As of 31 Dec. 2015	As of 31 Dec. 2014
2,258,410.08	565,446.46	655,941.39	2,167,915.15	2,051,628.38	1,779,826.49
0.00	0.00	0.00	0.00	0.00	184,991.49
2,258,410.08	565,446.46	655,941.39	2,167,915.15	2,051,628.38	1,964,817.98
1,025,219.32	79,493.74	80,591.98	1,024,121.08	774,752.94	713,787.20
4,853,124.32	525,908.25	1,769,286.76	3,609,745.81	1,441,686.99	1,403,941.13
571,955.51	77,417.87	392,330.22	257,043.16	69,809.60	106,208.67
6,450,299.15	682,819.86	2,242,208.96	4,890,910.05	2,286,249.53	2,223,937.00
0.00	0.00	0.00	0.00	923,314.22	923,314.22
0.00	0.00	0.00	0.00	52,554.25	52,554.25
0.00	0.00	0.00	0.00	975,868.47	975,868.47
8,708,709.23	1,248,266.32	2,898,150.35	7,058,825.20	5,313,746.38	5,164,623.45

Notes to the financial statements for 2015

A General

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

The income statement is classified using the nature of expense method.

B Accounting principles

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

Acquired **intangible assets** are recognised at acquisition cost and are amortised over their useful lives using the straight-line method if they have a limited life. Additions are amortised pro rata temporis. The depreciation tables published by the German Ministry of Finance serve as a guide here.

Property, plant and equipment are recognised at acquisition or production cost and are depreciated if they have a limited life. Depreciation is recorded over the customary useful life using the straight-line method. The depreciation tables published by the German Ministry of Finance serve as a guide here.

Low-value assets with an individual net value not exceeding EUR 150 were fully expensed in the year of acquisition. Assets with an individual net value not exceeding EUR 410 in value are fully expensed in the year of acquisition with their immediate disposal being assumed.

Financial assets are recognised at acquisition cost.

Work in process is valued at production cost or, in the case of third-party work, at acquisition cost. Own work comprises direct labour and appropriate, proportionate overheads for personnel, write-downs and rent as well as general and administrative expenses.

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

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

Provisions account for all foreseeable risks and contingent liabilities and are recognised at the settlement value deemed necessary according to prudent business judgement. Expected future cost increases are included in valuing the provisions. Provisions with a residual term of more than one year were discounted at the average market interest rate of the last seven fiscal years for their respective residual term. The provision for general warranties is recorded in the reporting year at 0.5% (prior year: 0.5%) of sales. A provision of EUR 114 k was recognised in the fiscal year for individual cases of warranty (prior year: EUR 172 k).

Liabilities are recorded at the settlement value.

To determine **deferred taxes** arising due to temporary or quasi-permanent differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the statutory accounts and their tax carrying amounts, the resulting tax burden and relief are valued using the company-specific tax rate at the time the differences reverse; these amounts are not discounted. The option not to recognise deferred tax assets was exercised.

Foreign currency assets and liabilities were translated using the average spot rate on the balance sheet date. If they had residual terms of more than one year, the realisation principle (Sec. 252 (1) No. 4 Clause 2 HGB) and the historical cost principle (Sec. 253 (1) Sentence 1 HGB) were applied.

Revenue relates to the income recorded from normal business activities. Revenue is reported as a net figure, i.e. excluding VAT and less sales deductions. Revenue is recognised when the transfer of risk to the customer has taken place in the case of a delivery, or when the contractually owed performance has been provided in the case of services. The recognition of revenue from license transactions depends on whether a temporary or permanent right of use is granted. If license transactions are carried out that grant the licensee a temporary right of use, revenue is recognised on a straight-line basis over the performance period. If the licenses grant a permanent right of use, the once-off primary license charge (PLC) payable is reported on the date of obtaining control and the annual license charge (ALC) is reported as revenue pro rata temporis.

C Notes to the balance sheet and income statement

I. Balance sheet

1. Fixed assets

The development of fixed asset items is presented separately in the statement of changes in fixed assets (page 105 f.).

2. Financial assets

The information on shareholdings breaks down as follows:

No.	Name and location of registered offices	Currency	Shareholding in %	Subscribed capital LC k	Equity LC k	Earnings LC k
1	CENIT (Schweiz) AG Effretikon, Switzerland	CHF	100.0	500	2,303	818
2	CENIT North America Inc. Auburn Hills, USA	USD	100.0	25	3,136	1,941
3	CENIT SRL Iasi, Romania	RON	100.0	344	2,256	1,444
4	CENIT France SARL Toulouse, France	EUR	100.0	10	-32	-309
5	CENIT Japan K.K. Tokyo, Japan	YEN	100.0	34,000	-15,967	-4,240
6	CenProCS AIRliance GmbH Stuttgart, Germany	EUR	33.3	150	151	0

3. Receivables and other assets

Trade receivables are all due in less than one year.

Receivables from affiliates include receivables of EUR 750 k from granting a loan to CENIT France SARL (prior year: EUR 750 k). The remaining receivables from affiliates of EUR 600 k (prior year: EUR 809 k) and the **receivables from other investees and investors** valued at EUR 3,090 k (prior year: EUR 3,237 k) stem from trade and are due in less than one year.

Other assets primarily consist of EUR 614 k (prior year: EUR 1,097 k) of assets relating to tax refund claims. This includes EUR 272 k (prior year: EUR 834 k) in tax refund claims from corporate income tax, solidarity surcharge and trade tax, receivables from VAT prepayments of EUR 164 k (prior year: EUR 0 k) as well as the credit balance of EUR 179 k (prior year: EUR 263 k) from the tax moratorium. EUR 85 k (prior year: EUR 169 k) of the credit balance from the moratorium is long term, with a residual term of more than one year. The credit balance from the moratorium came into existence as of 31 December 2006. It is not subject to interest and has thus been discounted by 4% to its present value. Payment is due between 2008 and 2017 in ten equal annual amounts. Other assets also include claims for damages of EUR 5 k (prior year: EUR 134 k). EUR 0 k (prior year: EUR 84 k) of this figure is long term, with a residual term of more than one year.

4. Prepaid expenses

in EUR k	31 Dec. 2015	31 Dec. 2014
Accrued rights of use for licenses	2,630	2,957
Other prepaid expenses	582	583
Total	3,212	3,540

This mainly concerns prepaid expenses for licenses and for rights of use and insurance.

5. Deferred taxes

Deferred taxes stem chiefly from accounting and valuation differences between the statutory accounts and the tax accounts. These differences relate mostly to other provisions.

On the whole there are net deferred tax assets, and the option to capitalise these deferred tax assets was not exercised.

Deferred tax assets must be calculated based on a tax rate of 30% (prior year: 30%).

6. Equity

Capital stock

As per the most recent entry in the commercial register on 14 August 2006, the capital stock of the Company amounts to EUR 8,367,758.00 and has been fully paid in. It is divided into 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.

Authorised capital

The management board is authorised, with the approval of the supervisory board, to increase the capital stock by up to EUR 4,183,879.00 in total by 25 May 2016 by issuing on one or more occasions new no-par value bearer shares in return for cash contributions or contributions in kind (authorised capital 2011). The number of shares must increase in direct proportion to the increase in capital stock. The shareholders must be given a subscription right. The new shares can also be assumed by one bank or by several banks with the obligation to offer them to the Company's shareholders for purchase.

However, the management board is authorised, with the approval of the supervisory board, to preclude the shareholders' statutory subscription right in the following cases:

- a) The management board is authorised, with the approval of the supervisory board, to preclude any fractional shares from the shareholders' subscription right.
- b) The management board is authorised, with the approval of the supervisory board, to preclude the shareholders' subscription right in the event of a capital increase in return for a contribution in kind if the contribution in kind is made with the purpose of acquiring companies, parts of companies and/or equity investments in companies or in the course of business combinations.

- c) The management board is authorised, with the approval of the supervisory board, to preclude the shareholders' subscription right in the event of a capital increase in return for a cash contribution if the capital increases passed on the basis of this approval do not exceed a total of 10% of the existing capital stock as of the date of the resolution by the shareholder meeting or as of the date on which the approval is exercised, whichever is lower, and if the issue amount is not substantially less than the quoted market price. The maximum limit of 10% of the capital stock is reduced by the proportionate amount of the capital stock accounted for by those treasury shares of the Company that were sold during the term of the authorised capital with exclusion of the subscription right of the shareholders in accordance with Sec. 71 (1) No. 8 Sentence 5 AktG and Sec. 186 (3) Sentence 4 AktG.

The total number of shares issued based on this authorisation in return for cash contributions and contributions in kind with exclusion of the subscription right of the shareholders cannot exceed a proportionate amount of capital stock of EUR 1,673,551 (20% of current capital stock). The management board is authorised, subject to approval of the supervisory board, to decide on further details of the capital increase and the conditions of the share issue.

The supervisory board is authorised to adjust the version of Article 5 of the articles of incorporation and bylaws after partial or full implementation of the increase in capital stock in accordance with the respective utilisation of the authorised capital.

7. Capital reserves

The capital reserves remained unchanged in the fiscal year, at EUR 1,058 k.

8. Legal reserve

At EUR 418 k, the legal reserve has also remained unchanged in comparison to the prior year.

9. Other revenue reserves

Other revenue reserves of EUR 15,371 k did not change since the prior year.

10. Net retained profit

Net retained profit developed as follows:

in EUR k	2015	2014
Net income for the year	8,406	7,029
Net retained earnings in the prior year	7,562	2,962
Dividend	-7,531	-2,929
Profit carryforward from the prior year	31	33
Withdrawals from / additions to the revenue reserves	0	500
Net retained profit	8,437	7,562

11. Provisions

Other provisions essentially comprise provisions for personnel expenses of EUR 4,133 k (prior year: EUR 4,576 k), provisions for warranties of EUR 619 k (prior year: EUR 646 k), provisions for outstanding supplier invoices of EUR 875 k (prior year: EUR 941 k) and provisions for long-service bonuses of EUR 358 k (prior year: EUR 364 k).

12. Liabilities

As in the prior year, **trade payables** have a remaining term of less than one year.

Liabilities to affiliates include trade payables of EUR 141 k (prior year: EUR 106 k). They also include prepayments received amounting to EUR 28 k (prior year: EUR 36 k). As in the prior year, liabilities to affiliates are due within one year.

The **liabilities to other investees and investors** contain trade payables amounting to EUR 37 k (prior year: EUR 51 k). As in the prior year, the corresponding liabilities are due within one year.

Other liabilities include deferred items of EUR 175 k (prior year: EUR 200 k). As in the prior year, these amounts related in full to deferred rent.

EUR 834 k (prior year: EUR 1,869 k) of other liabilities is due within one year, while EUR 23 k (prior year: EUR 48 k) is due in more than five years. The long-term portion stems from the deferral of rent.

II. Income statement

1. Revenue

in EUR k	2015	2014
CENIT software	13,742	10,887
Third-party software	42,957	46,025
CENIT consulting and service	41,839	46,488
Merchandise	276	468
Total	98,814	103,868

85% (prior year: 88%) of sales was generated in Germany, 6% (prior year: 6%) in other EU countries and 9% (prior year: 6%) in other countries.

2. Other operating income

Among other things, other operating income includes income from cross-charged salary and administrative costs of EUR 443 k (prior year: EUR 510 k), insurance refunds of EUR 4 k (prior year: EUR 7 k), rental income from subletting of EUR 17 k (prior year: EUR 15 k), income from the reversal of provisions of EUR 635 k (prior year: EUR 259 k), marketing and sales subsidies from partner companies of EUR 92 k (prior year: EUR 71 k) and exchange gains of EUR 259 k (prior year: EUR 44 k).

3. Personnel expenses

in EUR k	2015	2014
Salaries	32,891	34,893
Social security contributions	5,574	6,155
Total	38,465	41,048

Social security contributions include pension costs of EUR 202 k (prior year: EUR 203 k).

4. Other operating expenses

At EUR 13,243 k, total other operating expenses are down marginally compared to the prior year (EUR 14,283 k). In the fiscal year, the external consulting fees of EUR 1,377 k (prior year: EUR 1,110 k) were disclosed in the cost of materials. The prior-year figures were not adjusted. Other operating expenses essentially relate to premises expenses of EUR 2,417 k (prior year: EUR 2,464 k), vehicle costs of EUR 2,410 k (prior year: EUR 2,449 k), travel expenses of EUR 1,958 k (prior year: EUR 1,921 k), marketing costs of EUR 1,061 k (prior year: EUR 986 k) and exchange losses of EUR 134 k (prior year: EUR 58 k)

5. Financial and interest result

The financial and interest result breaks down as follows:

in EUR k	2015	2014
Income from equity investments		
Dividend CENIT (Schweiz) AG	0	1,939
Dividend CENIT SRL, Romania	224	162
Dividend CENIT NA, Inc.	3,186	0
Total	3,410	2,101

in EUR k	2015	2014
Income from other long-term investments		
Interest income	0	7
Total	0	7

in EUR k	2015	2014
Other interest and similar income		
Bank interest and interest from securities	35	133
Interest on loans granted to subsidiary	19	16
Income from the tax moratorium	10	13
Interest income for company taxes	15	0
Total	79	162

in EUR k	2015	2014
Interest and similar expenses		
Guarantee commission	14	15
Interest expense from unwinding the discount on provisions/liabilities	24	29
Total	38	44

6. Income/expenses relating to other periods

Income relating to other periods includes income from the reversal of provisions totalling EUR 635 k (prior year: EUR 259 k). Expenses relating to other periods of EUR 0 k stem from other operating expenses (prior year: EUR 3 k). There were personnel-related expenses relating to other periods of EUR 23 k in the fiscal year (prior year: EUR 0 k).

7. Extraordinary expenses

There were no extraordinary expenses in the fiscal year 2015.

8. Income taxes

in EUR k	2015	2014
Current corporate income tax expense	1,098	1,108
Current solidarity surcharge expense	61	61
Current trade tax expense	1,172	1,154
Withholding tax	-15	0
Taxes in prior years	33	-23
Total	2,349	2,300

Taxes mainly include corporate income tax and the solidarity surcharge of EUR 1,159 k (prior year: EUR 1,169 k) as well as trade tax of EUR 1,172 k (prior year: EUR 1,154 k) on the taxable income for the fiscal year 2015.

9. Proposal for the appropriation of profit

The following appropriation of retained earnings will be proposed at the shareholder meeting:

in EUR k	
Net retained profit	8,437
Dividend distribution (EUR 1.00 per 8,367,758 participating no-par value shares)	8,368
Profit carryforward	69

10. Audit and advisory fees of the auditor

The information on auditors' fees pursuant to Sec. 285 No. 17 HGB is provided in the consolidated financial statements of CENIT AG.

D Other notes

1. Personnel

An average of 519 (prior year: 558) members of staff were employed during the fiscal year, plus 43 (prior year: 52) trainees.

2. Contingent liabilities and other financial obligations

There are other financial obligations in connection with rental agreements and leases. The resulting financial obligations are included in the following table:

in EUR k	2015	2014
Rent and lease obligations		
Due within 1 year	2,651	2,779
Due in 1 to 5 years	5,495	5,725
Due in more than 5 years	1,000	1,916
Total	9,146	10,420

Other financial obligations chiefly comprise the rent agreements entered into for leased office buildings of EUR 6,972 k (prior year: EUR 7,982 k) as well as vehicle leases of EUR 1,702 k (prior year: EUR 1,646 k). The extension options and price adjustment clauses customary for the industry apply.

The company cars and communications equipment were leased by means of lease agreements in order to guarantee that these are always up to date and to avoid tying up liquidity. Renting office

space also avoids tying up cash and cash equivalents. These agreements result in cash outflows in future periods that are included in the above list.

3. Corporate boards

During the fiscal year the following persons were **members of the management board**:

Dipl.-Ing. Kurt Bengel, Waiblingen, spokesman of the management board of CENIT AG, Responsible for: operations, investor relations and marketing.

Dipl.-Wirt.-Inf. Matthias Schmidt, Bad Liebenzell, member of the management board of CENIT AG, Responsible for: finance, organisation and personnel.

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

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

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

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

in EUR k	2015	2014
Kurt Bengel		
Fixed remuneration	267	244
Performance-based remuneration	157	138
Long-term incentive	161	126
Matthias Schmidt		
Fixed remuneration	232	214
Performance-based remuneration	157	112
Long-term incentive	161	130
Total	1,135	964

The employment contracts of Mr. Schmidt and Mr. Bengel provide for compensation payments pursuant to Sec. 74 HGB for the term of a one-year ban on competition and full remuneration paid to the surviving dependants of deceased management board members for a six-month period.

No promise was made for further pension obligations or benefits in the event of termination of service.

In accordance with Article 14 of the articles of incorporation and bylaws, the amounts paid to the supervisory board were as follows in 2015:

in EUR k	2015	2015	2014	2014
	Fixed remuneration	Performance-related remuneration	Fixed remuneration	Performance-related remuneration
Andreas Schmidt	30.0	0	30.0	0
Hubert Leypoldt	22.5	0	22.5	0
Andreas Karrer	15.0	0	15.0	0
Total	67.5	0	67.5	0

The D&O insurance was continued in 2015 for management board members and supervisory board members as well as other executives. The premiums of EUR 32 k (prior year: EUR 23 k) were borne by the Company.

The management board held 7,670 shares as of the balance sheet date (0.09%). The supervisory board members held 111,392 shares, i.e. 1.33% of the Company's capital stock.

4. Changes at shareholder level

On 10 April 2015, the Company received notification in accordance with Sec. 21 (1) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] from MainFirst SICAV, Senningerberg, Luxembourg:

MainFirst SICAV, Senningerberg, Luxembourg, informed us on 10 April 2015 pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 9 April 2015 and amounted to 3.17% on that date (corresponding to 265,356 voting rights).

In a letter dated 16 April 2015, Wallberg Invest S.A., Luxembourg, Luxembourg, announced that its share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3%.

Wallberg Invest S.A., Luxembourg, Luxembourg, informed us on 16 April 2015 pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3% on 14 April 2015 and amounted to 2.73% on that date (228,800 voting rights).

FAS S.A., Luxembourg, Luxembourg, informed us on 16 April 2015 pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3% on 14 April 2015 and amounted to 2.73% on that date (228,800 voting rights). Of that figure, 2.73% of the voting rights (corresponding to 228,800 voting rights) are allocable to FAS S.A. pursuant to Sec. 22 (1), Sentence 1, No. 1 WpHG.

Mr. Marcel Ernzer, Luxembourg, Luxembourg, informed us on 16 April 2015 pursuant to Sec. 21 (1) WpHG that his share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3% on 14 April 2015 and amounted to 2.73% on that date (228,800 voting rights). Of that figure,

2.73% of the voting rights (corresponding to 228,800 voting rights) are allocable to Mr. Marcel Ernzer pursuant to Sec. 22 (1), Sentence 1, No. 1 WpHG

In a letter dated 29 April 2015, Axxion S.A., Grevenmacher, Luxembourg, announced that its share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3%.

Axxion S.A., Grevenmacher, Luxembourg, informed us on 29 April 2015 pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3% of voting rights on 29 April 2015 and amounted to 2.99% on that date (corresponding to 250,618 voting rights).

In a letter dated 29 October 2015, MainFirst SICAV, Senningerberg, Luxembourg, announced that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 5%.

MainFirst SICAV, Senningerberg, Luxembourg, informed us on 29 October 2015 pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 5% of voting rights on 28 October 2015 and amounted to 5.05% on that date (corresponding to 422,792 voting rights).

E Group relationships

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

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

The management board and supervisory board of the Company have issued the declaration for 2015 required by Sec. 161 AktG and made it available on the Company's homepage (http://www.cenit.com/de_DE/investor-relations/corporate-governance.html).

Stuttgart, 27 February 2016

CENIT Aktiengesellschaft

The Management Board



Kurt Bengel
Spokesman, Management Board



Matthias Schmidt
Member, Management Board

Audit opinion

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the CENIT group and the company of CENIT Aktiengesellschaft, Stuttgart, for the business year from January 1, 2015 to December 31, 2015. The maintenance of the books and records and the preparation of the annual financial statements and the management report of the CENIT group and the company in accordance with German commercial law and supplementary provisions of the articles of incorporation 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 of the CENIT group and the company based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 of the 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 of the CENIT group and the company 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 of the CENIT group and the company are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and the management report of the CENIT group and the company. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

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

Stuttgart, March 9, 2016

BDO AG
Wirtschaftsprüfungsgesellschaft

gez. Andreas Müller
Wirtschaftsprüfer
(German Public Auditor)

gez. Stefan Anderer
Wirtschaftsprüfer
(German Public Auditor)

Responsibility Statement in the Annual Financial Report

(Financial Report)

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

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

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

The Management Board



Kurt Bengel
Spokesman, Management Board



Matthias Schmidt
Member, Management Board

Glossary

AMS	<p>Abbreviation for Application Management Services</p> <p>Application Management Services 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.</p>
BI	<p>Abbreviation for Business Intelligence</p> <p>Business intelligence denotes procedures and processes aimed at a systematic analysis (collation, evaluation and presentation) of data electronic form.</p>
BOA	<p>Abbreviation for Business Optimization & Analytics</p> <p>The objective of BOA is to provide simple and efficient means of acquiring information that enables an enterprise to make better strategic and operative decisions. From this information, constructive proposals for improved structures, control mechanisms as well as processes, systems and instruments can be derived.</p>
CAD	<p>Abbreviation for Computer-Aided Design</p> <p>Software solutions for product design.</p>
CAE	<p>Abbreviation for Computer-Aided Engineering</p> <p>Software solutions for simulating the physical behavior of a future product.</p>
CAM	<p>Abbreviation for Computer-Aided Manufacturing</p> <p>Software solutions for defining manufacturing processes.</p>
CATIA	<p>PLM solution by Dassault Systèmes</p> <p>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.</p>
Collaborative workspace	<p>Networked working environment in which all parties involved in the product lifecycle (construction, marketing, sales, manufacturing, OEMs, suppliers, and customers) have access to the work in progress and can participate in construction.</p>

CRM	<p>Abbreviation for Customer Relationship Management</p> <p>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.</p>
DELMIA	<p>PLM solution by Dassault Systèmes</p> <p>DELMIA offers manufacturers the means to digitally plan, develop, monitor and control manufacturing and service processes.</p>
Digital factory	<p>Three-dimensional graphic simulation of a factory by way of digitally integrated systems (e.g. DELMIA).</p>
Digital manufacturing	<p>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.</p>
DMF	<p>Abbreviation for Digital Manufacturing</p>
DMU	<p>Abbreviation for Digital Mock-Up</p> <p>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.</p>
ECM	<p>Abbreviation for Enterprise Content Management</p> <p>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.</p>
EIM	<p>Abbreviation for Enterprise Information Management</p> <p>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.</p> <p>EIM is a holistic data management concept that ensures a consistent, transparent and reliable information structure.</p> <p>It encompasses all current and previous solutions and consulting services related to Enterprise Content Management, Groupware, Infrastructure Management und Application Management</p>

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

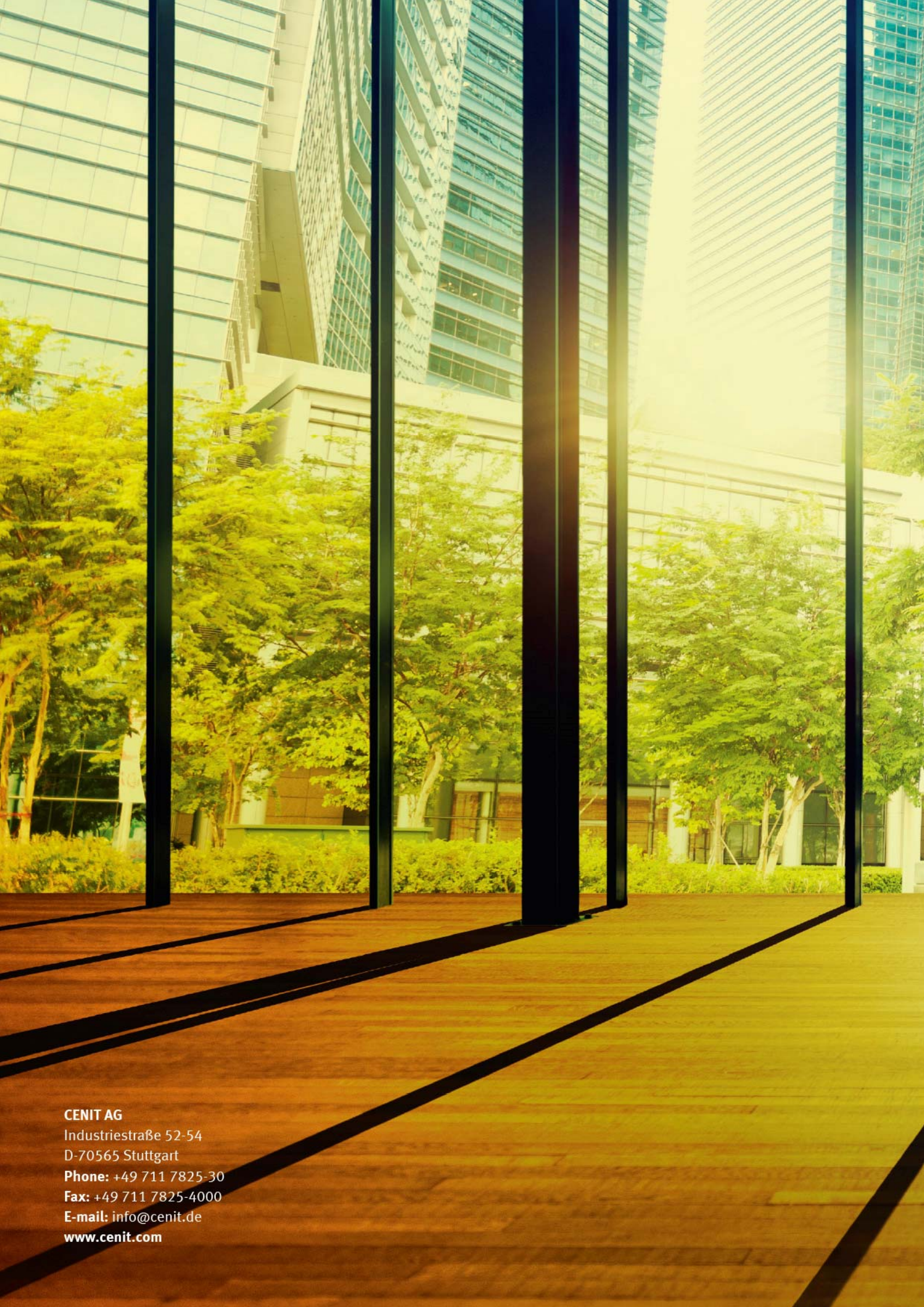
Abbreviation for Supply Chain Management

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.



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