Unilog Integrata Training AG

Annual report 2004

Unilog Integrata

Training

Qualified for the Job

Unilog Integrata Training AG shares are quoted on the Baden-Württemberg Stock Exchange's unofficial market in Stuttgart as well as in Frankfurt, Munich and Berlin under the securities identification number (WKN) 621310/ISIN DE 0006213101.

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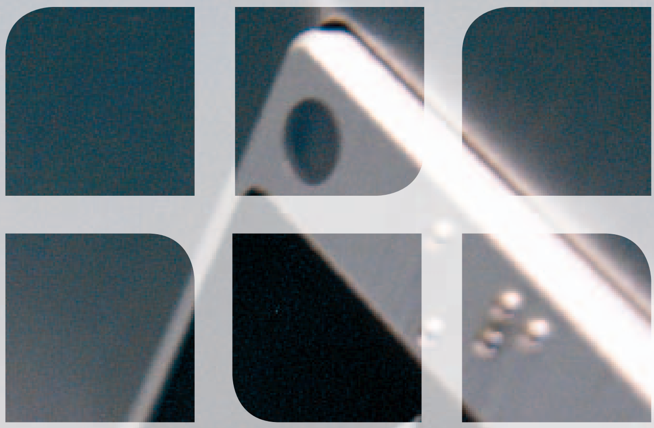
This annual report and the reports for previous years can be downloaded in PDF format at www.unilog-integrata.de/training. The English version of the annual report can also be downloaded from the same address. A printed version of the English language report is not available.



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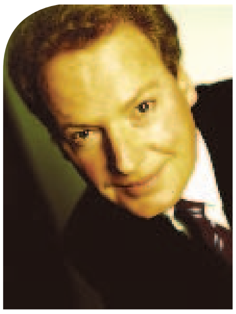
Foreword by the Board of Management

To all our clients, business partners and shareholders,



40 years of experience on the market for IT and qualification services – an impressive milestone in an industry renowned for its short-term innovations and continuous processes of technological change, and an achievement which few other companies in our sector can match.

But of course even an established company, many of whose customers have been with it for a great many years, is dependent on the overall economic climate and demand on its chosen market. After a number of years of exponential growth Unilog Integrata Training AG is undoubtedly suffering from a widespread reluctance to invest in the qualification of management and personnel. According to Michael E. Porter, Professor at the Harvard Business School and author of "Competitive Strategy", external forces such as these apply to all competitors, however. Michael E. Porter believes that what counts is the ability of an enterprise to deal with these influences – and that certainly applies to us. It would therefore be tantamount to business irresponsibility to put our trust in a silver lining at the end of the current economic malaise and simply to assume that success will, as it were, turn up on its own when the time is ripe. We have looked forward throughout 2004, consistently pressed ahead with the change processes initiated in previous periods, and have taken new bearings which we believe offer the company, its employees and shareholders a real perspective for the future.

I have been responsible for this task since October 2004. My appointment as a member of the Board of Management should not be interpreted as a vote of no confidence in the company's previous long-standing board members Gerhard Wächter and Dr. Hans Günter Heilmann. I would like to take this opportunity to thank – and express the respect in which I hold – both former board members, and I am especially glad that Dr. Heilmann will continue to serve the company in a high-profile capacity. One of the successes of both men was the initial public offering of the company in 1997 – an event which turned Unilog Integrata Training AG into the first qualification provider in Germany to decide to "go public". The outstanding results achieved by the company up to the year 2002 – as well as its continuing positive liquidity – provide ample proof of the value of the previous Board's work.

Nevertheless, it became important during the course of the previous fiscal year to consider how the company could be given new impetus and how processes could be optimized and redesigned in order to return to the path of profitability as quickly as possible. There is nothing unusual in combining changes with new methods and new people to provide employees – whose support is essential to achieve the company's aims – with new orientation. Which explains why the Supervisory Board has entrusted the responsibility which goes hand in hand with this difficult task to me. I will continue to exercise business responsibility in France and am a member of the Executive Committee of Unilog S.A. The Group has pursued its success story in Europe in 2004 and reported an unusually high rate of sales growth for the industry – up by 10.8 percent to 657.4 million euros. As the success of the Unilog Group is based on the European-wide exploitation of synergy effects across its three business lines I intend to make explicit use of my international experience on behalf of Unilog Integrata Training AG. This strength will be consistently used on behalf of the Business Line Training in Germany to ensure that everything possible is done for the restructuring of the company and an improvement in its sales and revenue position. I will act with the management in the best interests of all our shareholders and, naturally, of our employees whose jobs must now be secured after the inevitable shedding of personnel in our recent endeavors to cut costs.

The focus of our activities will of course remain our clients. They are entitled to continue to expect optimum consulting and support as well as the most appropriate solutions to their qualification needs tailored from our full service portfolio of standardized and customized offerings. We are well known for the quality of our services and must continue to pursue with vigor our objective of building even closer long-term relationships with our clients on this basis. We intend to concentrate our energies in this area and pool existing resources even more effectively. We offer outstanding products and services and now have the opportunity to secure and expand our position in a market which is in the midst of a process of consolidation. In order to achieve this objective we must exploit the synergies from collaboration with our German affiliates which represent the Management Consulting and System Integration Business Lines more intensively than we have done in the past.

We have motivated and competent employees whose unwavering commitment to the company is an essential element of our strategy. Together we are working on our ambitious aim of leading Unilog Integrata Training AG back to success. It would be daring indeed to make a forecast for 2005 and 2006 at this stage, however. Viewing the present in the context of the past and the future, one thing becomes absolutely clear: the best way to prepare for the future is to combine the positive elements of the company as it is with new ideas and energy. Now is the time to consciously look to the future and to continue supporting us – as clients, business partners or shareholders – with your trust on the journey ahead of us.

Martin Löchner
Board of Management

Qualification is a case of...

Experience

Over 40 years in the market – more than 200 successfully completed customized training solutions – an established network of around 1,200 trainers. These are just a few of the factors which demonstrate a wealth of experience which makes us the ideal partner to meet the qualification needs of our clients.

Innovation

Strong innovative ability and flexibility are the hallmarks of long-term market players. In 1965, just one year after the company was founded, there were a mere 1,600 data-processing systems in operation in Germany. Seven years later this figure had increased to just under 11,000 computer installations. Today, around two thirds of all private households have their own PC or notebook. A study published by the German Federal Statistical Office in 2002 revealed that 71 percent of companies deployed computers for their work processes; 62 percent also used the internet. Information and communications technology is now an unspectacular everyday reality and most business processes are no longer conceivable without IT. It goes without saying, of course, that qualification requirements have also changed accordingly over the years.

We are constantly updating the topics and know-how we offer our clients and – with a program of 800 topics in the form of public and in-house seminars – we now provide the most comprehensive range of continuing professional development in Germany. In 2004 alone, for example, we added 64 new seminars to our program – and not only in the IT field, but also in the increasingly important qualification area of personnel and organization development.

Innovation does not stop at defining new topics, however, it also includes the design of new training proposals, services, and delivery channels. The optimum fit between business objectives and employee know-how is a decisive factor in a company's success. Bearing this in mind we offer services ranging from personnel development consultancy through to training process outsourcing (TPO) – options which enable clients to transfer either specific aspects or all the activities involved in long-term qualification processes to Unilog Integrata Training AG. In addition to traditional trainer-based seminars our program also incorporates e-training components. Diverse coaching methods enable participants to sustain and consolidate new learned material.

Business and industry expertise

Our clients are from a range of different sectors of business and industry. We have proven our business and industry expertise and successively enhanced our know-how over a number of years. We are now going a step further and, for the first time, are focusing a campaign specifically tailored for a particular industry: Automotive

New demand realities and a competitive environment have forced the automotive industry to embark on a process of profound change. This process involves the optimization of development, production, quality, marketing and sales processes which also impact smaller and medium-sized component suppliers, IT and financial service providers, and dealer organizations. As a result, the competence profiles of many employees will have to be adapted to take account of these new developments.

We have responded by putting together a package of apt qualification services especially designed for the automotive industry – a package which combines all the elements of our full service offering, and which draws on our collaborative relationship with cooperation partners and trainers who are particularly familiar with the idiosyncratic features of this industry.

Qualification is also a case of...

Trust

Qualification measures are always intended to contribute to achieving specific corporate objectives. Relying on a cooperative relationship means trust. Knowing that the partner will provide competent consulting and optimum support – in time and in budget. Whether considering the selection of suitable public seminars or the design of customized solutions, as a qualification partner our continuing development and knowledge-building activities often provide us with deep insights into our clients' strategies and processes. This in turn implies trust in our capabilities, know-how and our industry-specific expertise.

We would like to thank our clients, including those referred to specifically below, for placing their trust in us:

- ADIDAS-Salomon
- Allianz
- AXA
- Bundesamt für Wehrtechnik und Beschaffung
- BSH Bosch-Siemens Hausgeräte
- Commerzbank
- DaimlerChrysler
- Deutsche Börse
- Deutsche Bundesbank
- Deutsche Lufthansa
- Deutsche Post
- Deutsche Telekom
- DZ Bank
- FinanzIT GmbH
- GAD eG für Banken
- Henkel
- HUK-COBURG AG Versicherungs-gruppe
- LVM Landwirtschaftl. Versicherungs-verein Münster a.G.
- RCI Banque Deutschland
- SEW-EURODRIVE
- Stadt Leipzig
- Thyssen-Krupp
- Vodafone D2
- Volkswagen AG
- ZF Sachs

The figures 2004

Unilog Integrata Training AG
Financial Highlights: 7 year period

	2004 [1]
Sales in million EUR	26.3
No. of employees	161
Expenditure for research and development in million EUR	1.9
Profit or loss on ordinary activities in million EUR	-3.2
Net income in million EUR	-3.2
Cash-Flow in million EUR	-1.9
Capital in million EUR	4.3
Capital as a percentage of total assets	42.1%
Total assets in million EUR	10.2
Percentage return on sales before tax	-12.1%
Income-to-equity ratio (before corporation tax) [2]	-42.1%
Result according to DFVA/SG in million EUR	-2.0
No. of shares in thousands	600
Result according to DFVA/SG per share in EUR	-3.38
Result according to DFVA/SG per share in EUR (excluding own shares)	-3.46
Dividend per share in EUR	
Bonus per share in EUR	

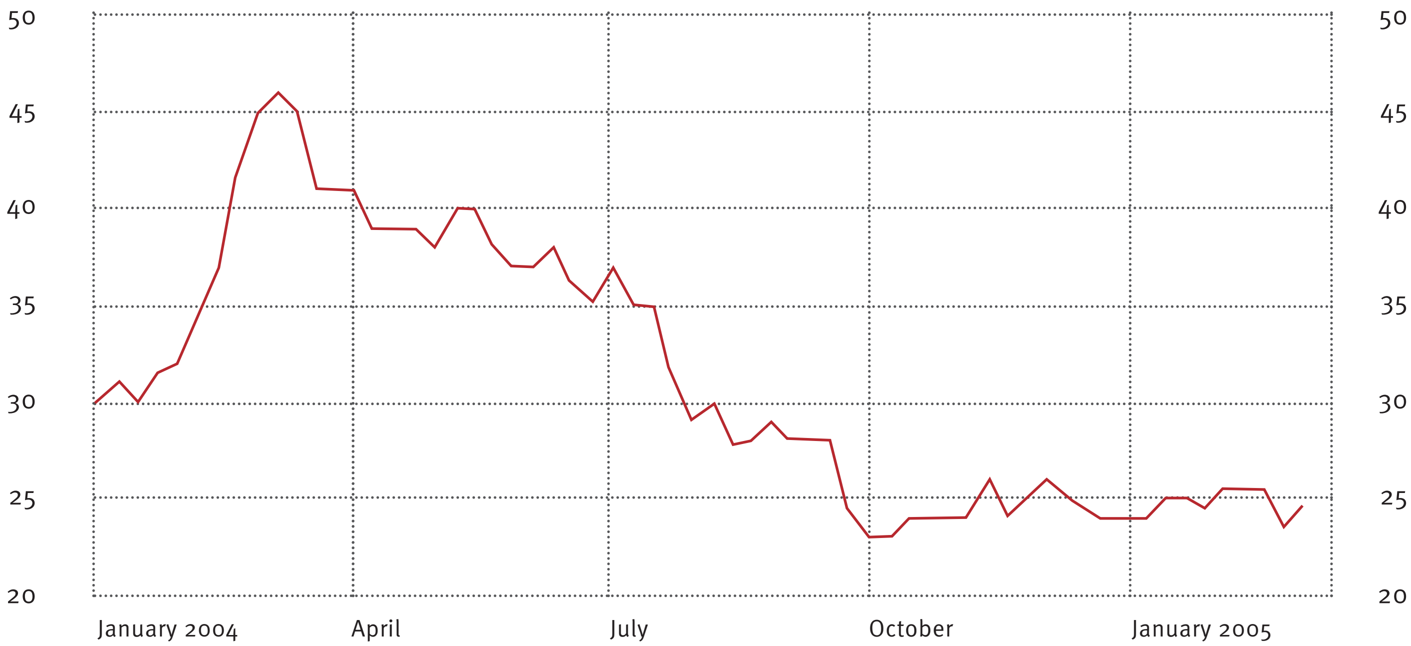
[1] there was no group of companies in these business years: figures are from the individual financial statement of Unilog Integrata Training AG, Germany
[2] calculated on the basis of the shareholders' equity disclosed last year minus dividends

2003 [1]	2002	2001	2000	1999	1998
31.2	51.4	55.6	47.1	39.3	32,8
189	222	265	214	213	207
2.3	2.7	2.5	2.5	2.0	2.0
-1.9	1.5	6.0	5.8	3.3	2.1
-1.7	0.8	3.9	3.0	1.6	1.0
0.4	5.3	6.8	4.9	3.1	2.6
7.5	9.6	9.5	6.4	4.0	2.9
55.3%	53.3%	43.9%	36.9%	31.9%	27.6%
13.6	18.1	21.6	17.5	12.5	10.6
-6.0%	2.9%	10.8%	12.3%	8.3%	6.4%
-20.1%	16.9%	103.1%	165.5%	134.0%	109.3%
-1.2	0.7	3.8	3.0	1.5	1.0
600	600	600	600	600	600
-1.97	1.12	6.40	4.92	2.56	1.69
-2.02	1.14	6.56	5.04	2.62	1.69
	0.15	1.00	0.92	0.87	0.82
			0.15		

Key company performance figures

Funds and Cash-Flow Statement 2004	2004 KEUR	2003 KEUR
I. Operative activities		
1. Net loss	-3,225.6	-1,728.1
2. Depreciation on fixed and financial assets	1,467.2	2,274.3
3. Reductions to long-term reserves	-170.1	-133.1
4. Cash flow	**-1,928.5**	**413.1**
5. Losses on disposal of fixed assets	13.1	11.8
6. Payments received from the sale of fixed assets	4.3	1.6
7. Accounts receivable trade	864.5	1.272.6
8. Accounts due from affiliated companies	262.7	-153.0
9. Other assets and prepaid expenses	-132.7	438.8
10. Reserves	184.0	-361.1
11. Accounts due to associated companies	-22.3	53.5
12. Advance payments	176.5	-470.1
13. Accounts payable trade	-342.2	-698.4
14. Other liabilities	5.8	-238.9
15. Outflow (pr.y. inflow) of funds from current business activities	**-914.8**	**269.9**
II. Investment activities		
16. Investments in intangible and fixed assets	-599.9	-781.9
17. Outflow of funds as a result of investment activities	**-599.9**	**-781.9**
III. Financial activities		
18. Investments in own shares	-3.0	-7.3
19. Dividends	0.0	-87.8
20. Outflow of funds as a result of financial activities (dividends)	**-3.0**	**-95.1**
IV. Changes in financial resources affecting payments (balance I-III)	-1,517.7	-607.1
21. Financial resources at the beginning of the period	7,586.2	8,193.3
22. Financial resources at the end of the period	**6,068.5**	**7,586.2**

Unilog Integrata Training Stock – Development since 01/2004 (in Euros)



DVFA/SG Results	2004 KEUR	2003 KEUR
Net result, according to P/L statement	**-3,225.6**	**-1,728.1**
Change in deferred taxes (tax rate 39.1%)		
accumulated deficit brought forward	1,162.9	559.4
reserves for part-time employment of pensioners	-12.0	-0.7
for anticipated losses	-13.2	-23.5
for provision for deferred repairs and maintenance	-39.1	13.2
for reorganization	67.5	0.0
other changes	31.8	0.0
DVFA/SG results in KEUR	**-2,027.7**	**-1,179.7**
DVFA/SG results per share in EUR		
(excluding own shares/		
number of shares = 585,260)	-3.46	-2.02
DVFA/SG results per share in EUR		
(including own shares/		
number of shares = 600,000)	-3.38	-1.97

Earning Ratios	2004 %	2003 %
Profit sales ratio	-12.3	-5.5
DVFA/SG profit sales ratio	-7.7	-3.8
Return on equity*	-42.9	-18.7
DVFA/SG return on equity*	-26.9	-12.8

All statements after taxes

* Based of the shareholders' equity disclosed last year minus dividends

Annual financial statements at December 31, 2004

Assets	2004 KEUR	2004 KEUR	2003 KEUR
A. Fixed Assets			
I. Intangible assets			
1. Licences and similar rights	541.4		852.3
2. Goodwill	576.0		674.9
		1,117.4	1,527.2
II. Tangible fixed assets			
1. Land and leasehold rights and buildings			
including buildings on third-party land	27.2		76.0
2. Other fixtures and fittings, tools and equipment	436.2		775.4
		463.4	851.4
B. Current Assets			
I. Accounts receivable and other assets			
1. Accounts receivable trade	1,462.6		2,327.1
2. Accounts due from affiliated companies	3,188.8		4,451.4
3. Other assets	482.3		316.9
		5,133.7	7,095.4
II. Securities			
Own shares		353.7	437.8
III. Cash on hand and banks		3,068.5	3,586.2
C. Prepaid Expenses		65.7	98.4
		10,202.4	**13,596.4**

Balance sheet at December 31, 2004

Unilog Integrata Training AG, Tübingen

Liabilities	2004 KEUR	2004 KEUR	2003 KEUR
A. Capital			
I. Capital subscribed	1,536.0		1,536.0
II. Capital reserves	1,020.5		1,020.5
III. Earning reserves			
1. Reserves for own shares	353.7		437.8
2. Other earnings reserves	6,185.0		6,188.1
IV. Retained losses	-4,795.6		-1,657.1
		4,299.6	7,525.3
B. Accrued Liabilities			
1. Pension reserves	288.2		279.7
2. Tax reserves	227.5		121.8
3. Other reserves	2,585.6		2,685.9
		3,101.3	3,087.4
C. Liabilities			
1. Advance payments received on seminars	1,307.8		1,131.3
2. Trade accounts payable	965.4		1,307.6
3. Accounts due to affiliated companies	103.7		126.0
4. Other liabilities	424.6		418.8
		2,801.5	2,983.7
		10,202.4	**13,596.4**

Profit and loss account for the period

January 1 to December 31, 2004
Unilog Integrata Training AG, Tübingen

1.	Sales
2.	Other operating income
3. a)	Cost of purchased material, supplies, services
b)	External services
4.	Personnel costs
a)	Wages and salaries
b)	Social insurance contributions and expenses for old age security
5. a)	Depreciations on intangible and fixed assets
b)	Depreciations on current assets in excess of normal depreciation
6.	Other operating expenses
7.	Other interest receivable and similar income
8.	Depreciations on financial assets and current investments
9.	Interest and similar expenses
10.	**Profit or loss on ordinary activities**
11.	Income taxes
12.	Other taxes
13.	**Net loss**
14.	Accumulated losses brought forward
15.	Withdrawal from own shares
16.	**Retained losses**

2004 KEUR	2004 KEUR	2003 KEUR
26,266.6		31,188.3
1,199.2		1,319.6
	27,465.8	**32,507.9**
810.5		1,001.3
10,540.6		11,960.0
	11,351.1	**12,961.3**
	16,114.7	**19,546.6**
7,507.0		7,680.6
1,440.6		1,652.1
	8,947.6	**9,332.7**
1,380.1		2,037.7
0.0		138.3
	1,380.1	**2,176.0**
	8,996.1	9,899.5
	164.2	237.1
	87.1	236.6
	33.8	0.4
	-3,165.8	**-1,861.5**
	60.2	-134.9
	-0.4	1.5
	3,225.6	**1,728.1**
	1,657.1	0.0
	87.1	71.0
	4,795.6	**1,657.1**

Notes for the business year 2004

Unilog Integrata Training AG, Tübingen

I. Preliminary remarks

The annual financial statements of Unilog Integrata Training AG for the business year from January 1, 2004 to December 31, 2004 were prepared according to the rules of the German Commercial Code and of the German Stock Corporation Law (AktG). The cost summary method is used for the profit and loss statement.

Any differences in the figures presented in the annual financial statements and the management report are due to rounding to the nearest decimal place.

The Tübingen-based Unilog Holding GmbH was the majority shareholder of Unilog Integrata Training AG at the end of 2004, holding 82.099% of the company's shares (84.167% if the company's own shares are deducted from the total number of shares).

In its letter dated August 29, 1996, Unilog Holding GmbH notified its majority shareholding to Unilog Integrata Training AG pursuant to Section 20 of the German Stock Corporation Law.

The primary parent company which presents exempting group financial statements for the largest group of consolidated companies is UNILOG SA, which has its registered office in Paris/France. These group financial statements, including the auditor's opinion, are published in German in the Federal Gazette and are available from the company's registered office in Paris and from Unilog Holding GmbH in Tübingen.

II. Information regarding the accounting and valuation methods

The **intangible and tangible assets** are reported at the value on acquisition or production costs, reduced by scheduled and non-scheduled depreciation. Scheduled depreciation of assets is charged partly according to the straight-line method and partly according to the declining balance method at rates which are also allowed according to tax law. The major elements relating to industrial property rights and similar rights are amortized over a period of 2 to 6 years. Goodwill is written off over a period of 15 years. Depreciation is charged to other fixed assets over a useful life of between 3 and 15 years. Low value items are written off in full in the year of acquisition. Depreciation is charged precisely every month on a pro rata temporis basis.

Accounts receivable and other assets are valued at nominal value. Appropriate value adjustments were made to accounts receivable to secure specific risks as well as the general risk of nonpayment.

The **pension reserves** have been set up in accordance with actuarial principles using the reference tables of Dr. Heubeck for 1998.

Other reserves to the amount of the anticipated claims have been set up for recognizable risks and contingent liabilities. Reserves for partial retirement (part-time employment of old-age pensioners) were formed in accordance with actuarial principles based on the statement issued by the German Institute of Chartered Accountants – RS HFA 3.

Liabilities are valuated at the amount payable.

Insofar as the annual financial statements contain items which are based upon **amounts in foreign currencies**, these are converted to euros at either the historical rates or, for assets, at the lower rates or, for liabilities, at the higher rates effective on reporting date.

III. Notes on the balance sheet

Assets

The movement of the fixed asset items can be seen in the appendix to the notes entitled “Fixed-assets movement schedule” (cf. Appendix to notes).

Goodwill arose on the purchase of the ITZ training division in the business year 2001. This goodwill will be written off according to the straight-line method over 15 years. Amortization charges in the business year 2004 amounted to KEUR 17 and the book value as at December 31, 2004 was thus KEUR 187.50. Goodwill also arose from the hiving-off of Unilog Holding GmbH in 1994. This goodwill will also be amortized over its estimated useful life of 15 years using the straight-line method. Annual amortization charges amount to KEUR 81,80 and the remaining book value as at December 31, 2004 is KEUR 388.60.

Depreciation charges on low value items amount to KEUR 42.40.

Accounts receivable and other assets

The receivables as at December 31, 2003 and December 31, 2004 mature within one year.

The receivables due from affiliated companies mainly result from a short-term loan granted to Unilog Holding GmbH which is secured by a letter of comfort issued by UNILOG SA. These represent other accounts receivable.

Own shares

A resolution adopted by the shareholders’ meeting on May 18, 2004 authorized Unilog Integrata Training AG to acquire own shares, in the period up to November 18, 2005, up to a value of ten percent of the company’s share capital and to sell these shares, in specific circumstances, to the exclusion of the subscription rights of existing shareholders. The Board of Management was also authorized, with the approval of the Supervisory Board, to withdraw own shares acquired without requiring a further resolution from the shareholders’ meeting.

In 1999 Unilog Integrata Training AG acquired 14,350 own shares at a price ranging between EUR 31.50 and EUR 38.00 equal to 2.39 % of the company's share capital and valued at EUR 36,736.00 (EUR 2.56 per share). An additional 290 shares were acquired in June 2003 at a price ranging between EUR 24.87 and EUR 25.20. A further 100 shares were acquired in January 2004 at a price of EUR 30.35.

Own shares acquired in the period 1999 to 2004 were posted at their value on the balance sheet date (EUR 24.00) disclosing a value of KEUR 353.7.

Notes for the business year 2004

Unilog Integrata Training AG, Tübingen

Subscribed Capital

Unilog Integrata Training AG's subscribed capital amounted to EUR 1,536,000 on the reporting date. The majority (82.099 %) is held by Unilog Holding GmbH, Tübingen.

The share capital is divided into 600,000 no-par bearer shares.

Pursuant to the memorandum and articles of association, the Board of Management is authorized, with the approval of the Supervisory Board, to increase the company's share capital, on one or several occasions, to a total of EUR 230,400 by issuing new bearer shares against cash contributions by May 18, 2009 (approved capital I) and thereby, in accordance with Section 5 (4) of the memorandum to determine the time from which such shares participate in profits on a date which deviates from that stipulated by law. The Board of Management is authorized, with the approval of the Supervisory Board, to stipulate the conditions under which shares are issued in relation to each capital increase.

The Board of Management is also authorized, with the approval of the Supervisory Board, to increase the company's share capital, on one or several occasions, to a total of EUR 384,000 by issuing new bearer shares against cash or non-cash contributions by May 18, 2009 (approved capital II) and thereby, in accordance with Section 5 (4) of the memorandum to determine the time from which such shares participate in profits on a date which deviates from that stipulated by law. The Board of Management is authorized, with the approval of the Supervisory Board, to exclude shareholders' statutory subscription rights in the event of capital increases for non-cash contributions in the context of company mergers or in the event of the acquisition of participating interests or companies and is likewise authorized to specify the further details relating to the capital increase and the conditions regarding the issue of shares.

The Board of Management is finally authorized, with the approval of the Supervisory Board, to increase the company's share capital, on one or several occasions, to a total of EUR 153,600 by issuing new bearer shares against cash by May 18, 2009 (approved capital III) and thereby, in accordance with Section 5 (4) of the memorandum to determine the time from which such shares participate in profits on a date which deviates from that stipulated by law. The Board of Management is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights provided that the newly issued shares account for 10% or less of the company's share capital at the time a resolution is taken by the Board of Management to exercise this authority and provided that the issue price is not significantly lower than the stock market trading price of other company shares of the same class at the time such issue amount is decided by the Board of Management. The reference value for the stock market trading price as referred to in the above provisions is the average value of the volume-weighted prices of the company's shares trading on the unofficial market on the FWB Frankfurt Stock Market during the last five days of trading prior to stipulation of the issue amount by the Board of Management.

Capital reserves

The capital reserves result from the issue of the capital stock for a contribution in kind within the framework of the transformation of the company from the legal form of a Kommanditgesellschaft to an Aktiengesellschaft in 1994.

No additions or withdrawals were made to or from the capital reserves in the business year 2004.

Earnings reserves

Earnings reserves developed as follows during the business year:

	KEUR	KEUR
Reserve for own shares, Jan. 1, 2004	437.8	
Increase owing to acquisition of own shares in the business year 2004	3.0	
Withdrawal owing to devaluation of own shares in assets	-87.1	
Reserve for own shares, Dec. 31, 2004		**353.7**
Other earnings reserves Jan. 1, 2004	6,188.1	
Withdrawal owing to acquisition of own shares in the business year 2004 (see above)	-3.0	
Other earnings reserves Dec. 31, 2004		**6,185.1**
Earnings reserves Dec. 31, 2004		**6,538.8**

Retained earnings/losses

The retained earnings/losses disclosed in the annual financial statements of Unilog Integrata Training AG developed as follows:

	KEUR
Losses brought forward Jan. 1, 2004	-1,657.1
Net loss for the year 2004	-3,225.6
./. Withdrawals from reserves for own shares	87.1
Retained losses, Dec. 31, 2004	**-4,795.6**

Notes for the business year 2004

Unilog Integrata Training AG, Tübingen

Pension reserves

The pension reserves have been set up according to the rules of Section 6a of the German Income Tax Act (EStG) and in accordance with actuarial principles based on the reference tables of Dr. Heubeck for 1998 at an assumed rate of interest of 6.0 %.

Other reserves

The other reserves in the annual financial statements of Unilog Integrata Training AG are composed of the following:

Item	Jan. 1, 2004 KEUR	Use Release KEUR	U R	Allocation KEUR	Dec. 31, 2004 KEUR
Reserves for partial retirement	232.5	193.2	U	14.6	53.9
Holiday	30.0	30.0	U	32.6	32.6
Overtime	40.9	40.9	U	78.0	78.0
Employers' liability insurance association etc.	138.0	102.3	U	101.4	101.4
		35.7	R		
Other personnel costs	128.3	53.7	U	31.2	31.2
		74.6	R		
Legal, consultancy and audit costs	87.3	69.4	U	80.3	80.3
		17.9	R		
Deferred repairs and maintainance	250.0	100.0	U	0.0	150.0
Outstanding invoices	932.7	755.7	U	748.9	885.4
		40.5	R		
Other	846.2	481.1	U	945.3	1,172.8
		137.6	R		
		1,826.3	U		
	2,685.9	**306.3**	R	**2,032.3**	**2,585.6**

Liabilities

The liabilities amount to KEUR 2,801.5 as at December 31, 2004 and, as in the previous year, are due within one year. The other liabilities include liabilities from taxes amounting to KEUR 149.60 (KEUR 131.50 in the previous year) as well as liabilities from social security amounting to KEUR 205.60 (KEUR 206.50 in the previous year).

IV. Notes on the profit and loss account

Sales

Sales are achieved almost exclusively in Germany. Total sales reported by Unilog Integrata Training AG in 2004 amounted to KEUR 26,266.60.

The total sales reported in the annual financial statements are distributed between public seminars, in-house seminars and qualification projects.

The percentage breakdown is as follows:

	in %
Public seminars	51
In-house seminars	31
Qualification projects	17
Other services	1
	100

Notes for the business year 2004

Unilog Integrata Training AG, Tübingen

Other operating income

Other operating income includes income relating to other accounting periods arising from the release of reserves amounting to KEUR 306.3. Other significant items included under other operating income are rental income from the subletting of seminar rooms and the invoicing of entertainment allowances.

Cost of raw materials, supplies and purchased services

These costs include entertainment costs for seminar participants incurred during customer seminars.

Personnel expenses

The personnel expenses in the annual financial statements include pension costs to the amount of KEUR 8.50 (previous year KEUR 13).

The average number of staffed employed by the group in 2004 was 161 (189 in the previous year). The headcount on December 31, 2004 was 154.

UNILOG SA, Paris awarded stock options to the employees of Unilog Integrata Training AG. The stock options will be issued in several phases and issue is contingent on conditions (corporate goals, membership of the corporate group). The stock options will be issued during a specific time period. The expenditure for this program will be borne by UNILOG SA, Paris.

Expenses unrelated to accounting period

Expenses include KEUR 158.20 not identified with the accounting period.

Other operating expenses

This item includes IT, building, public relations, offices and communications, entertainment expenses, supplementary personnel costs and expenses relating to the services received from Unilog Holding GmbH.

Depreciation of fixed assets

Depreciation amounts include extraordinary depreciation of KEUR 17,20.

Write-offs on financial assets and marketable securities

This item includes the devaluation of own shares by KEUR 87.10.

Interest income

The annual financial statements of Unilog Integrata Training AG include interest income of KEUR 113.5 from Unilog Holding GmbH and KEUR 50.7 interest income from monies invested in fixed-term deposits.

Withdrawals from reserves for own shares

Withdrawals from reserves for own shares results from the devaluation of own shares to the value of KEUR 87.10.

V. Information about the company's executive bodies

Members of the Board of Management:
Members of the Board of Management in the business year under review:

- Didier Herrmann, Courbevoie, France, from January 1, 2004 to December 31, 2004
  Businessman
- Martin Löchner, Munich (Spokesman), as of October 1, 2004
  Masters Degree in Business Administration
- Gerhard Wächter, Neufahrn (Spokesman), until October 1, 2004
  Graduate computer scientist (Diplom-Informatiker)
  Responsible for sales and marketing
- Dr. Hans Günter Heilmann, Tübingen, until October 1, 2004
  Graduate physicist (Diplom-Physiker)
  Responsible for administration, human resources, production and product management

Members of the Supervisory Board:
Members of the Supervisory Board in the business year under review:

- Gérard Philippot, Le Raincy (Chairman)
  Président du Directoire of UNILOG SA, Paris
- Dr. Christoph Binge, Berlin (Vice-Chairman)
  Lawyer and Notary
- Martin Hornbach, Neustadt/Weinstraße
  Executive Management
- Diplom-Kaufmann (MBA) Herbert-Franz Chilcott, Paris
  Directeur Général (CEO), Head of International Corporate Controlling, UNILOG SA, Paris
- Sonja Fell, MBA, Paris
  Directeur au Développement (Corporate Development Director), Unilog SA, Paris
- Dipl.-Ing. Peter Kirn (graduate engineer), Böblingen
  Executive Consultant

Total earnings of the Board of Management and of the Supervisory Board

The earnings of the Supervisory Board amount to KEUR 80.00; the earnings of the Board of Management amount to KEUR 299.30.

Pension reserves amounting to KEUR 140 were formed for former members of the company's executive bodies. Relating to particulars about earnings of one former member of the company's executive bodies there is made use of the escape clause of Section 286 (4) HGB.

VI.Contingencies and other financial obligations

The other financial obligations essentially concern obligations from leasing and tenancy agreements. They are expected to amount to KEUR 3,150.70 in 2005. Liabilities due to affiliated companies amounted to KEUR 2,309.90. Similar liabilities will arise in subsequent years.

VII. Carrying forward of retained losses

The retained losses of KEUR 4,795.60 disclosed in the annual financial statements of Unilog Integrata Training AG as at December 31, 2004 will be carried forward.

Tübingen, March 15, 2005

Unilog Integrata Training AG

The Board of Management

Fixed-assets movement schedule

of Unilog Integrata Training AG, Tübingen
for the period January 1 to December 31, 2004

	Purchase cost KEUR			
Fixed Assets	Jan. 1, 2004	Additions	Disposals	Dec. 31, 2004
I. Intangible assets				
1. Licences and similar rights	5,931.3	420.3	168.6	6,183.0
2. Goodwill	1,482.7	0.0	0.0	1,482.7
	7,414.0	**420.3**	**168.6**	**7,665.7**
II. Tangible fixed assets				
1. Land and leasehold rights and buildings including buildings on third-party land	244.7	0.0	32.3	212.4
2. Other fixtures and fittings, tools and equipment	4,649.3	179.6	190.0	4,638.9
	4,894.0	**179.6**	**222.3**	**4,851.3**
	12,308.0	**599.9**	**390.9**	**12,517.0**

Accumulated depreciation KEUR				Net book values KEUR	
Jan. 1, 2004	Annual depreciation	Disposals	Dec. 31, 2004	Dec. 31, 2004	Dec. 31, 2003
5,079.0	728.8	166.2	5,641.6	541.4	852.3
807.8	98.9	0.0	906.7	576.0	674.9
5,886.8	**827.7**	**166.2**	**6,548.3**	**1,117.4**	**1,527.2**
168.7	39.3	22.8	185.2	27.2	76.0
3,873.9	513.1	184.3	4,202.7	436.2	775.4
4,042.6	**552.4**	**207.1**	**4,387.9**	**463.4**	**851.4**
9,929.4	**1,380.1**	**373.3**	**10,936.2**	**1,580.8**	**2,378.6**

Management report for the business year 2004

Unilog Integrata Training AG

1. General framework, business trends

The continuing qualification market was marked by a process of consolidation in the year 2004. This was undoubtedly due to the contracting volume of business on the market which has hit suppliers of IT training in particular since 2002. Insolvency proceedings and company sales, renewed redundancies and restructuring were all typical for the industry in the business year under review and confirm the process of market adjustment we predicted in our 2003 annual report.

The entire industry suffered from the failure of any signs of an upturn in the business cycle – companies and government agencies continued to take a cautious approach to the continuing professional development of their management and staff. The situation was exacerbated by cuts in the public subsidies available for retraining and continuing qualification activities (although thanks to its market strategy this does not affect Unilog Integrata Training AG).

15 of the 20 firms cited in the Lünendonk list of "leading providers of continuing professional qualification in Germany" published in May 2004 reported average drops in sales for the year 2003 of 10 percent. Leading qualification providers also expected sales revenues in 2004 to fall by an average of 5 percent. Whether this estimate is realistic or possibly over-optimistic as far as the IT training market is concerned cannot be finally judged at the time this report goes to press. The forecasts published by market research institutes such as IDC and the META Group are very inconsistent in this respect.

In the current difficult economic climate in which companies are subject to relentless pressure on costs, firms are bound to continue to exploit short-term savings potential by trimming expenditure on advertising, personnel and staff training. However, many companies neglect the significance of the continuing development of their human capital in the ongoing process of adding value. This is brought convincingly home by a European wide study undertaken by the market research institute Forrester on behalf of IBM. The study confirmed that 76 percent of surveyed German companies aver that continuing professional development plays a very important role with regard to competitive and innovative capabilities. However, an official personnel development and continuing qualification program is only run by 36 percent of German firms participating in the survey – easily the lowest value in comparison with other European firms, and a figure which eloquently documents the problems confronting the continuing professional development industry in Germany.

Against this backdrop, only providers of a handful of specialized niche products or enterprises which have systematically developed a full service portfolio and are able to position themselves as solution providers, such as Unilog Integrata Training AG, will be able to survive on the market for qualification services in the long term. Customers not only have to be convinced of the benefits offered by investments in personnel development, they must also be offered consulting and general support from the training idea through to its ultimate implementation. This is an area which offers significant opportunities for Unilog Integrata Training AG.

It is not, however, possible to derive precise forecasts for 2005 based on the experience of earlier years. The forecast for the year 2005 by the IT industry association BITKOM, which predicts a 3.7% increase in IT investments in Germany and a 5% increase in 2006, do however give cause for cautious optimism. This would be the first sign for a number of years of renewed positive developments and should – after a certain delay – result in greater demand for the relevant quality services on the IT training market.

2. Business situation of the company

The contraction in the market for qualification services, particularly in the field of information technology again resulted in a reduction in sales. Not even extensive restructuring measures to take account of the changed market situation and across-the-board cost-cutting measures were able to compensate for this reduction, and the company consequently reported negative results for the second time since Unilog Integrata Training AG was hived off into an independent entity in 1994.

As a consequence of this development changes took place on the Board of Management. As decided by the Supervisory Board in December 2003, Didier Herrmann was appointed as the third member of the board in

2004. Long-standing board members Gerhard Wächter and Dr. Hans Günter Heilmann responded to negative business developments by standing down from their positions as of October 1, 2004. At the same time the Supervisory Board appointed Martin Löchner as the new spokesman of the Board of Management of which he was a member with Didier Herrmann until the end of the business year. Didier Herrmann departed from the Board of Management on December 31, 2004 and took up a position as a member of the company's Supervisory Board at the beginning of 2005.

Despite the difficult revenue situation the company has continued to accentuate its profile as a full service provider for its customers' overall qualification processes. Unilog Integrata Training AG continues to be the biggest manufacturer-independent provider of IT training in Germany. This, together with its good liquidity position, means that the company is well positioned to take advantage of a market environment undergoing a process of consolidation.

2.1 Sales

Sales fell during the period under review by a total of 15.8 % to KEUR 26,266.60.

The picture for the various areas of activity is as follows:

	2004 KEUR	2003 KEUR	Change %
Public seminars	13,452.3	16,356.0	-17.8
Corporate services	12,567.5	14,428.6	-12.9
in-house seminars	8,228.8	8,958.6	-8.1
in-house customized seminars	4,338.7	5,470.0	-20.7
Other services	246.8	403.7	-38.9
Total sales	26,266.6	31,188.3	-15.8

The trend which became apparent as early in 2003 for many companies to make short-term savings by cutting down on the amount of training provided to their employees intensified in 2004.

The drop in sales in the public seminar sector was again accompanied by a fall in the average number of participants in each seminar in 2003.

Management report for the business year 2004

Unilog Integrata Training AG

In order to achieve the right fit between the company's capacities and structures and the changed circumstances in the years 2003 and 2004 – drop in sales revenues, contraction of the market, increasing cost pressure – the training centers in Leipzig and Tübingen were closed at the end of the year. The Berlin training center assumed responsibility for looking after the company's customers in the Leipzig sales and marketing area from the start of 2005; customers based in the Tübingen sales and marketing area will be supported from 2005 onwards by the Stuttgart training center. The training center in Hanover was also closed at the end of 2004; the company continues to operate a sales branch from a new location in Hanover, however. The Nuremberg training center has continued to operate as a sales branch since 2003.

A relatively moderate 8.1% drop in sales of in-house seminars was exceeded however by a further significant 20.7% decline in the volume of in-house qualification projects. Despite a number of promising customer contacts the company has not so far managed to win large-scale orders in this field.

The other performances consist essentially of services provided to affiliated companies.

2.2 Investments

The volume of investments in fixed assets was much the same as in the previous year. As well as investments in replacing our seminar room equipment, investments were also increasingly made in licenses for seminar software.

Investments in internal IT systems mainly focused on the implementation of the CRM system and the continued development of specific modules which make up our central internal seminar management system.

2.3 Research and development

The number of public seminars offered by the company was streamlined from more than 600 to around 500 topics.

As solution providers in the in-house field we continue, however, to be confronted by a constant fluctuation in the type of topics in demand. The need to adapt, even when dealing with relatively small volumes, has increased significantly in recent years, and a highly customer-specific orientation has now become a standard requirement in the field of in-house seminars.

New developments in the product fields:
"IT Service Management" in relation to our ITIL certification offering was a topic area which showed above average positive development. Our Java, Oracle and WebSphere offerings were extended and modified to take account of new software releases.
The company also launched on learning process oriented coaching for the "Work process oriented continuing professional development in the IT sector" (APO) qualification system.

Our .NET, UNIX/LINUX and internet/e-business seminar series were also expanded and revised. New developments were implemented with regard to the new Office Version 2003 – including the creation of quick references. An interdisciplinary series of seminars on the topics of hacking and security were also thoroughly revised. In connection with membership in CompTia the certification seminars on A+ and NET+ for user service personnel were integrated in our program.

SAP related activities were largely determined by the large number of in-house seminars in this area in 2004. Major SAP rollouts and the user qualification projects performed in the past did not take place in the year under review. At the present time a great deal of work is being expended on the "Single production seminar". Topics such as Delta training, optimization and harmonization in SAP qualification as well as training courses on BW/BI (Business Information Warehouse and Business Intelligence) are currently in demand. The license restrictions on the number of public SAP seminars we are able to offer has had a particularly negative impact on our business. New SAP technologies such as Netweaver, CRM or the movement from ABAP to Java offer considerable promise for 2005.

A key focus of our personnel and organization development activities in 2004 was the series of certifications leading to the European Business Competence License (EBDL), Project Management Professional (PMI) certification and GPM Project Management Professional; the GPM certification series is proving to be particularly successful. Further activities included the development of a series on industry know-how, the development of standard web based training on the topic of project management in the framework of a blended learning approach, the increase in the number of English language seminars and a more intensive approach to PE consulting.

In the e-training field, the focus was again on the custom-tailored development of electronic learning media. Developments extended from electronically usable course materials through to multimedia and interactive web based training (WBT). These provided our qualification project customers with the option of engaging in self-learning, undertaking training follow-up work, or as modules in a training mix consisting of self-learning and traditional training and workshop units.

2.4 Marketing

In the year 2004 we again needed to ensure that our marketing activities were sharply concentrated on the two most important communication channels – direct marketing and online marketing.

Work pressed ahead on the CRM project – which not only plays an essential role for direct marketing. Additional UIT specific features were integrated and were ready for use from the middle of the year onwards. The purchase of external company profiles and their addition to the CRM system also enabled us to significantly expand our contact basis. Work is in progress on supplementary expansion phases for this system.

The layout and design of UIT's central medium at the present time, the seminar catalog, were extensively modified in 2004. This now plays a pioneering role for the continued layout migration of all the company's printed materials throughout 2005.

A new medium was developed in 2004 to enable the company to present its full service offering more effectively. The new medium is more closely

Management report for the business year 2004

Unilog Integrata Training AG

oriented towards the central issues which concern our customers and demonstrates, in the form of scenarios, the full range of solutions UIT is potentially able to offer. The first issues of these "specials" concentrated on SAP related topics and UIT's offerings for the automotive industry. This medium will be expanded to include additional topic areas in 2005 and is set to become a key element of integrated marketing and sales campaigns.
Online marketing continued to play an extremely important role. As in years gone by the share of customers using our seminar schedule planner to book seminars directly via the internet increased from one six-month period to the next. In the second half of 2004 over 50% of all incoming orders were received online. This figures exceeded the 60% mark for the first time in January 2005. We are now able to make the booking procedure even simpler for our customers by offering them customized variants of the seminar schedule planner. But it is not only the seminar schedule planner which is attracting so much attention – the number of people using other parts of our website has also increased by 30%. An analysis of requests received via the website also offers us an outstandingly effective tool for monitoring market trends. Since last summer our own website has been complemented by advertisements in search engines and by an increasing number of citations of our seminar events with a diverse range of qualification related web portals.

2.5 Organization/data processing

The biggest project in 2004 was the implementation of Pivotal CRM. Conceptualization began in April and the pilot launch took place on schedule in 3 branch offices in November. In order to guarantee an optimum system for all employees the pilot scheme will continue throughout the first quarter of 2005. The central Booking Service and Product Management departments are also participating in the pilot scheme.

Two preconditions needed to be met for the launch of the new system. Each of these involve the performance of an extensive project of their own:

1. The collation and centralization of the Pivotal, ACT and SVS customer and prospects databases
2. The development of a new hardware environment based on the new ESX and SAN technologies

Other Org/IT projects focus on the continued development of internal applications and the technical infrastructure.

14 new individual seminar schedule planners for a variety of customers such as Deutsche Post, Debitel, Thyssen, O2 or AXA have been installed and customized.

The ISO 9001 and TIP certificates have been renewed. The 3-yearly repeat audit was performed in 2004 in addition to the annual monitoring audit. The trust audits were conducted in Cologne and Munich.

2.6 Personnel

The number of permanent employees fell from 170 (as of January 1, 2004) to 154 (December 31, 2004). 2 new employees were taken on and 2 employees have resumed their employment with the company following a period of parental leave. Fluctuation, taking account of redundancies, amounted to 7.6 %.

Measures were also taken to reduce fixed costs. The short-time working approved in 2003 was continued until April 30, 2004. In November 2004 a redundancy program and reconcilement of interests were agreed with the Works Council. 7 employees were made redundant on March 31, 2005 and April 30, 2005.

Successful personnel development measures included internal sales training and qualification activities for assistants.

2.7 Costs

Owing to short time working and the restructuring measures introduced in 2003 and pursued in 2004 we were again able to reduce our personnel costs by 6.6% following the 16.6% reduction achieved in 2003.

The fees paid to our freelance trainers were reduced in absolute terms by 12.4%. In relative terms, taking account of the 15.8% drop in sales, the share of sales revenue accounted for by freelance professional fees has thus remained more or less stable.

Material costs were reduced by 14.0% thanks to cost savings in almost every cost area.

Management report for the business year 2004

Unilog Integrata Training AG

2.8 Financing

The company had liquid resources at its disposal of KEUR 3,068.50 on the balance sheet date with no bank loans. The company also granted a short-term loan of KEUR 3,000 to Unilog Holding GmbH which is secured by a letter of comfort issued by UNILOG SA, the total repayment of the loan took place in February/March 2005.

The cash flow developed as follows:

	2004 KEUR	2003 KEUR	Change %
cash flow	-1,928.5	413.1	-566.8

2.9 Results

The post-tax net loss was KEUR -3,225.60 (previous year: KEUR -1,728.10). The DVFA/SG result developed similarly. The following picture can be drawn:

	2004 KEUR	2003 KEUR	Change %
Year-end results	-3,225.6	-1,728.1	-86.7
DVFA/SG results in EUR per no-par share*	-3.38	-1.97	-71.9
DVFA/SG results in EUR per no-par share **	-3.46	-2.02	-71.9

* Basis: Total of 600,000 shares
** Basis: Excluding own shares (585,260 shares)

In 2004 Unilog Integrata Training AG therefore reported negative results for the second time since the company was hived off as an independent entity in 1994.

3. Riskmanagement

The risk management system has been extended in recent years and integrated in Unilog Integrata Training AG’s quality system. An additional risk management chapter added to the training manual now enables the company’s risk portfolio to be demonstrated in the framework of its ISO certification. Potential risks which may be encountered throughout the company have been added to and documented in the process descriptions. The high quality of our services is confirmed by regular seminar appraisals.

Financial risks are examined and monitored in the framework of ongoing reporting and controlling by those with divisional and overall responsibility. The detailed reporting and forecast system, updated every month or occasionally as required, enables relevant risks to be detected at an early stage.

Apart from contracting business volume, there are no other discernible financial risks at the present time: Unilog Integrata Training AG continues to have extremely low bad debts and short accounts receivable periods; the company's liquid funds have been safely invested.

Covering transactions and derivative financial instruments was not used.

The business cycle risks which impact the company have been hedged against by ensuring that the majority of seminars are taught by freelance personnel. This enables the company to respond flexibly to a changing business climate. This strategy paid off in 2004 as the relative share of sales revenue accounted for by trainer costs remained more or less stable despite a substantial drop in the average number of people participating in public seminars. Nonetheless, adjustments to structural costs take a considerable period of time to work through.

Management report for the business year 2004

Unilog Integrata Training AG

4. Development of the stock value

Unilog Integrata Training AG shares have been quoted on the Baden-Württemberg Stock Exchange's unofficial market in Stuttgart since April 22, 1997. The initial offering price was EUR 17.90. During the course of the year 2004 the price moved from EUR 30.00 (Stuttgart January 2, 2004) to EUR 24.00 (Stuttgart December 30, 2004) at the end of the year. The 52-week high was EUR 47.90 (Stuttgart March 4, 2004) and the lowest level EUR 22.00 (Stuttgart October 26, 2004).

Unilog Integrata Training AG acquired 100 own shares during the period under review.

5. Outlook

There is still no sign of a decisive change in the investment behavior of companies operating in Germany. This is manifested by the persistently subdued demand for services in the qualification field. For this reason we do not anticipate any fundamental impetus for significant growth on the qualification market in the business year 2005.

Despite this we still believe that even an ailing market offers sufficient potential for us to strengthen our own position. On the cost side we have modified our structures to take account of the market situation without sacrificing the investments which are necessary to prepare for a successful future. As already referred to, we have worked with fewer personnel from fewer locations in 2005, the year under review. The restructuring process will be continued; precautionary measures have also been taken. The company organization has also been streamlined by reducing the number of hierarchical levels.

On the revenue side, a plethora of measures are currently being implemented which will enable the negative trends of recent months to be slowed down or stopped altogether and to be overturned. The fact that the company has more orders on hand than at the same time last year is one positive trend. We will be concentrating our energies on boosting the efficiency of our sales and marketing organization and will initiate supporting measures such as a new incentive model or the implementation of practice-related qualification series. The focus on "public seminars" will provide positive momentum for both sales and revenues.

We not only intend to achieve a significant improvement in our profitability, we also aim to ensure that our company is clearly positioned as a partner for the entire qualification process of our customers. The fact that we are being asked for more and more quotations for medium and large-scale qualification projects confirms our view that we are heading the right way.

Management report for the business year 2004

Unilog Integrata Training AG

6. Report disclosing relations with affiliated companies

The Tübingen-based Unilog Holding GmbH (formerly Unilog Integrata AG) is the majority shareholder of Unilog Integrata Training AG and holds 82.099 % of the company's shares (84.167 % taking account of own shares held by Unilog Integrata Training AG). The remainder of the stocks are floated freely. In July 1998, the French enterprise UNILOG SA, Paris acquired a majority shareholding in Unilog Integrata AG, Tübingen. UNILOG SA became the sole shareholder following a squeeze-out in 2003. Unilog Integrata Aktiengesellschaft entered the change in its company form and name to Unilog Holding GmbH in the commercial register on January 13, 2004.

On the basis of these equity relationships Unilog Integrata Training AG is a dependent company within the meaning of German Stock Corporation Law (AktG). According to Section 312 AktG, the Board of Management has drawn up a report on the company's relations with affiliated companies. At the end of this report the Board of Management declares that, to the best of its knowledge, the company has received appropriate consideration in all legal transactions with affiliated companies, and that no measures were taken or omitted that would place Unilog Integrata Training AG at a disadvantage.

Tübingen, March 15, 2005

Unilog Integrata Training AG

The Board of Management

Auditor’s Option

We have audited the annual financial statements, taking account of the bookkeeping and management report of **“Unilog Integrata Training Aktiengesellschaft, Tübingen”**, for the business year from January 1, 2004 to December 31, 2004. The bookkeeping and preparation of both the annual financial statements and the management report in accordance with German commercial law and supplementary provisions in the memorandum and articles of association are the responsibility of the company’s management. It is our responsibility to form an independent opinion, based on our audit, on the annual financial statements, the accounts and the management report.

We conducted our audit in accordance with Section 317 HGB (German Commercial Code) taking account of the generally accepted German auditing principles issued by the Institut der Wirtschaftsprüfer (IDW). According to these principles, the audit shall be planned and conducted in such a way that any misstatements and irregularities will be identified which, taking account of generally accepted accounting principles, may result in a distorted view of the company’s assets, liabilities, financial position and profit and loss being conveyed by the annual financial statements and the management report. Auditing procedures were selected taking account of the business activities and the economic and legal situation of the company as well as of any anticipated errors. During the audit, sample inspections were carried out to assess the effectiveness of the company’s own accounting-related internal control mechanisms as well as the accuracy of the books and records used for the annual financial statements and management report. The audit also included an assessment of the applied accounting principles and of the significant assessments and judgments made by the directors of the company as well as an appraisal of the overall adequacy of the presentation of information in the annual financial statements and the management report. In our opinion our audit was based on sufficiently reliable evidence for us to form an opinion.

No objections are raised on the basis of our audit.

In our opinion, with due regard to generally accepted accounting principles, the annual financial statements give a true and fair view of the company’s assets, liabilities, financial position and profit and loss. The management report provides an appropriate review of the situation of the company. The risks associated with future developments have been appropriately outlined.

Stuttgart, March 15, 2005

Wirtschaftstreuhand GmbH
Chartered Accountants
Tax Consultants

Sgd. Prof. Dr. Heni, Chartered Accountant
Sgd. Ernst, Chartered Accountant

Report by the Supervisory Board

of Unilog Integrata Training AG, Tübingen, for the business year 2004 presented to the shareholders' meeting on May 27, 2004

Throughout the business year 2004 the Supervisory Board of UNILOG Integrata Training AG monitored the conduct of the company's business and acted in an advisory capacity as required by law and the memorandum and articles of association. The Supervisory Board discussed the business and strategic development of the company, current business and fundamental issues at meetings held throughout the year under review.

The Board of Management submitted detailed reports on the general state of the business, including sales trends and the status of the company, prior to each meeting of the Supervisory Board. The Board of Management also reported to the Supervisory Board on its envisaged business policy, fundamental corporate planning issues, and the company's earnings performance. All reports and documents required for the preparation of Supervisory Board meetings were submitted to all members of the Supervisory Board. On the basis of these reports and documents the Supervisory Board was able to monitor and provide advisory support in all important business matters. The Chairman of the Supervisory Board was also regularly informed about business trends and discussed issues relating to business policy with the Board of Management.

The Supervisory Board met four times during the course of the business year 2004. The Supervisory Board did not form any committees.

Mr. Herbert Franz Chilcott resigned from the Supervisory Board on December 31, 2004.

Mr. Gerhard Wächter and Dr. Hans Günter Heilmann resigned from their positions on the Board of Management on October 1, 2004. On the same day the Supervisory Board appointed Mr. Martin Löchner to the Board of Management. The new Board of Management engaged in intensive discussion with the Supervisory Board with regard to the continuing development of the company and, in particular, the way forward to improved sales and revenues and the completion of the process already introduced with this objective in mind. The Supervisory Board would like to express its thanks to Mr. Wächter and Dr. Heilmann during whose membership of the Board of Management the company also enjoyed a number of highly successful years of business. The Supervisory Board also wishes to thank Dr. Heilmann for continuing – at the request of the Supervisory Board – to serve the company in the future in the capacity of executive manager.

At the end of his fixed one year period of office Mr. Didier Herrmann vacated his position on the Board of Management on December 31, 2004. The Supervisory Board would like to take this opportunity to thank Mr. Herrmann for the commitment he has shown throughout a difficult period for the company. Mr. Herrmann will continue to support the company through the restructuring process and has been appointed, on the basis of the decision of February 15, 2005, of the Tübingen local court, to take the place of Mr. Chilcott on the Supervisory Board.

The meeting of the Supervisory Board to approve the balance sheet was held in the presence of the auditor, certified accountants and tax consultants appointed by the shareholders' meeting – Wirtschaftstreuhand GmbH, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart. The auditor issued a report on its key findings. The annual financial statements of UNILOG Integrata Training AG and the management report on UNILOG Integrata Training AG have been examined by the auditor and an unqualified auditors' opinion has been issued. The Supervisory Board is confident that the auditors have acted independently. The annual financial statements of UNILOG Integrata Training AG and the management report for UNILOG Integrata Training AG were submitted to all the members of the Supervisory Board and examined by the Supervisory Board in accordance with Section 171 of the Stock Corporation Law (AktG). The auditor answered all the questions asked by the Supervisory Board as well as providing additional explanations. The Supervisory Board examined the annual financial statements, the management report and the auditor's report and has concluded that there are no grounds for objections. The Supervisory Board has approved the annual financial statements of UNILOG Integrata Training AG for the business year 2004 as audited by the auditors Wirtschaftstreuhand GmbH, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, and the annual financial statements have therefore been established in compliance with Section 172 AktG.

The Supervisory Board has also examined the report by the Board of Management disclosing relations with affiliated companies. The Supervisory Board has not raised any objections to the declarations made in this report.

The report by the Board of Management has also been examined by the company's auditors and the following unqualified opinion issued:

"Based on an assessment and audit performed in accordance with our professional duties, we confirm that

1. the statements made in the report are correct,

2. with regard to the legal transactions referred to in the report, the performances rendered by the company were not disproportionately high."

The Supervisory Board has also declared its approval of the results of this audit. Having completed its own examinations, the Supervisory Board has not raised any objections to the declaration made by the Board of Management at the end of the report disclosing relations with affiliated companies.

The Supervisory Board wishes to express its thanks to the Managing Board and to all the employees of UNILOG Integrata Training AG for their dedication and hard work in 2004.

Paris, March 2005
The Supervisory Board

Gérard Philippot
Chairman

Legal

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