



Annual Report 2002



6-year Overview
Unilog Integrata Training AG



The report

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Unilog Integrata Training AG shares are quoted on the Baden-Württemberg Stock Exchange's unofficial market in Stuttgart as well as in Frankfurt, Berlin, and Munich under the securities identification number (WPKN) 621310. Our objective is to strengthen investor confidence in our company by pursuing an ongoing, open and comprehensive communication policy, and for this reason we attach great importance to dialog with our shareholders, with potential investors and with financial experts. For more information, please contact our investor relations officer:

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Excerpts from the German and English versions of the annual report and other investor relations information are available on the internet at: www.unilog.de/training



In his capacity as spokesman for the Board of Management Gerhard Wächter is responsible for both the regions and for marketing and sales. Dr. Hans Günter Heilmann's responsibilities encompass product management, production, personnel, IT and finances. Together they represent the committed dual leadership of Unilog Integrata Training AG.

“Steering a company successfully through recessionary times is not only a matter of figures and strategies, but also a question of culture.”

Gerhard Wächter, Board Spokesman, and Dr. Hans Günter Heilmann, Board of Management

A company's corporate culture is the unwritten law of how people work together in an organisation. Corporate culture cannot, by its very nature, be defined but must be lived out in practice - especially by a company's management. For us, working with others - be they customers, employees, business partners or shareholders - as partners comes right at the top of our agenda. This spirit of partnership is one of the main reasons why we were able to hold the company on course despite the adverse economic climate which prevailed throughout 2002 and which has unfortunately continued to be gloomy up to the present.

Despite a 1.5 percent slump in sales in Germany, Unilog Integrata Training AG once again performed better than the market average in 2002. According to the META Group, the IT training market in Germany contracted by 5 percent. While the group's sales revenues fell by 7.6 percent, this was largely due to the sale of Integrata Lehrgänge Bildung und Beratung GmbH at the beginning of 2002.

It is particularly apparent in the public seminars field that companies are reluctant at the present time to dedicate large parts of their budgets to qualification activities. This makes it all the more important that we signalise to our customers that we continue to be a reliable partner in this difficult period, and we have therefore slightly increased the absolute number of seminars held compared with 2001, despite there being fewer participants per seminar.

Our customized training solutions service line, which are designed to satisfy our customers' requests for optimum

customized solutions to meet complex qualification requirements, developed especially well in the business year 2002. Sales generated by these customized training solutions demonstrate that Unilog Integrata Training AG is well positioned on a market in which the scene is set for further consolidation.

As part of our Europeanisation strategy the former Swiss company TIS live AG has been operating as Unilog Integrata Training AG since January 1, 2002. The company's business development has been hampered, however, by the reluctance of Unilog Integrata Training AG's key account clients to engage in investment activities.

We will not be tempted by the difficult economic circumstances in 2003 to follow short-term trends which, at best, promise only short-term benefits. Market-oriented modifications to our range of services continue to reflect our commitment to long-term customer and business partnerships. This also applies to the field of e-training in which - rather than isolated solutions - we offer our customers services which are seamlessly integrated in the qualification process.

In 2002 we successfully safeguarded our position as the leading manufacturer-independent qualification provider - and we not only regard this as confirmation of a market and customer-oriented strategy which is imbued with the spirit of partnership, our success also motivates us to continue navigating the “Unilog Integrata Training” ship through the choppy economic waters of 2003.

“Common goals and mutual trust are the most important bonds in any partnership.”

Jürgen Reus, Regional Manager Mitte, and Kerstin Zirkelbach, Account Manager

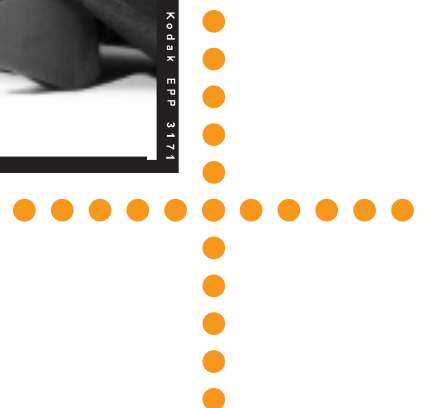
We support companies undergoing complex transformation processes with customized training solutions which - in terms of content, didactic and methodological criteria - are adapted to meet the specific needs of our customers. Participants receive precisely the training they require in order to implement changes in the most efficient manner possible. As a result, the qualification service we offer provides companies with a distinctive competitive edge.

In addition to our comprehensive know-how - which also extends to technical issues - and manpower, we also have a nationwide infrastructure which enables us to provide the support needed by what are frequently extremely broad and profoundly complex projects. With training centres throughout Germany and Switzerland, as well as additional Unilog Group locations across Europe, we are never far away from our customers. One of these customers is Buderus Heiztechnik GmbH in Wetzlar for whom we completed one of our biggest projects in 2002. The migration from SAP R/2 to R/3 affected around 1,700 end users to whom we provided a total of 468 seminars on over 50 topics at 14 different locations, including at ten of our branch offices. The project was completed despite the fact that we only had five months to plan our qualification activities, prepare the course materials, and to run the entire project before the “big bang”, i.e. the R/3 launch.

Given these time constraints it was absolutely essential that we collaborated intensively with our customer contacts at every stage of the project to ensure maximum efficiency. Our partnership kicked off with a joint workshop aimed at defining the training objectives and content, but also included the development of the learning design, and continued right through to the support required during the implementation of the new system. Ongoing dialogue served to create a constructive partnership marked by an extraordinary degree of flexibility and mutual confidence. As a result, as soon it emerged that the customer's qualification requirements were far greater than originally assumed, we were able to respond quickly and appropriately by integrating additional seminars into the project scope. This close relationship played a significant role in ensuring that all the events were completed on schedule in time for the productive launch and that the entire project was extremely positively evaluated.

In addition to SAP projects, we also offer our customers customized training solutions on all relevant IT topics and increasingly on issues relating to personnel and organisation development such as styles of management leadership or knowledge management. In other words, our training, which draws on the competence gained from over 35 years of experience and more than 180 successful customized training solutions, encompasses all the issues which are decisive for a company's success in a competitive global market environment.

With our offering of over 180 tailored training courses we are one of the highest-profile providers in the market for customized training solutions. Many of these solutions are managed by Kerstin Zirkelbach and Jürgen Reus who, in 2002 for example, successfully completed one of the biggest projects in this field for Buderus Heiztechnik GmbH.





Siennax is a leading European application service provider. We have entered a strategic partnership with the Dutch company aimed at expanding our e-training offer with highly specific objectives in mind. The responsible coordinators, Edgar Storz and Vincent Perquin, have thrown themselves into this partnership with total commitment.

“Companies must engage in a communicative process in order to become learning entities. And to ensure that that is precisely what happens, we endeavour to set a good example ourselves.”

Edgar Storz, Head of New Services at Unilog Integrata Training, and
Vincent Perquin, Siennax Business Development Manager Learning Services



Learning with electronic media has become a key issue on the continuing professional development market. The huge interest in this topic was underlined by the increase in the number of visitors to the Learntec, Europe's biggest trade fair for educational and information technology, which we attended this year and where we presented our special e-training offer.

As the largest manufacturer-independent qualification provider in Germany, we systematically incorporate e-training in integrated learning processes. This involves weaving conventional and multi-media forms of learning into integrated solutions which guarantee that the customer is provided with economic, efficient and sustained learning outcomes. This integrated approach not only sets us clearly apart from technology-oriented providers, it also tallies precisely with the demands of the market. “E-learning,” as Dr. Michael Heuser, Manager of the Lufthansa School of Business, points out “is not a universal panacea.” Even in those instances in which web and computer-based learning forms are used, communication and individual support remain a key ingredient in the recipe for success. The blended approach, consisting of trainer-centred events and online training, is geared precisely to this reality. A further issue is that the technology used must correspond to didactic needs. This not only includes the ability to develop customized, i.e. individual, learning contents, but also to complement our spectrum of services with multilingual learning management

systems which encompass a wide range of communication features and survey systems.

We have found a partner in Siennax who understands this approach and is able to give us the technical support of an application service provider. As our hosting partner, Siennax takes on the operation and maintenance of our learning management system leaving us free to concentrate fully on setting up the application to meet our customers' specific needs. We assume responsibility for trainee administration and provide the content and teletutors to support the learning process. Our customers consequently benefit from a professional technical environment combined with customized didactic methodology and interaction. At the same time, the ASP model saves the customer from investing in a learning platform and building up the internal know-how needed to administer the system itself.

The partnership with Siennax is currently proving its weight in gold in several projects and demonstrates that we have made the right choice. Close cooperation and rapid response times were not merely selection criteria, they reflect day-to-day reality. Over the last two years, a collaborative relationship has developed which is more than just a contractual agreement and which as well as benefiting both companies also offers advantages to our customers. The partnership with Siennax plays an important role in securing the future of our company.

“Human capital is not a particularly flattering term for people, but can there be any doubt that that is precisely what highly qualified staff represent?”

Martina Baumann, Head of Personnel, and Ksenija Razum, former trainee and now Sales Officer with Unilog Integrata Training

In recent years, it has becoming increasingly clear to the academic and business worlds that the principle drivers of value in a company today are its intangible assets. Alongside brand awareness and customer relationships, the knowledge possessed by a firm's employees is of major importance. Leading thinkers such as Fredmund Malik, the celebrated St. Gallen Professor of Management Science, even consider that human capital represents “the decisive production factor of our era.” Of course how to account for and include figures on human capital in the balance sheet remains an open issue. The first attempts to do precisely this were made in the mid-1990s in Scandinavia where Leif Edvinsson, the world's first Director of Intellectual Capital, used the balanced scorecard method as part of a pioneering effort to account for the intellectual capital of the Swedish financial services company Skandia AFS.

In the German-speaking world, the Austrian ARCS research centres used indicators such as staff qualification, employee training, networking, IT infrastructure and customers to publish the very first intellectual capital accounts in 1999 designed to make knowledge inventories and paths transparent. However, intellectual capital statements not only help to project a firm's intangible assets to the outside world, they also provide companies with a useful tool to sustain and develop their personnel resources in a give-and-take partnership with their employees. By comparing the knowledge that employees have with the knowledge they need it is possible to quantify qualification

requirements with a high degree of accuracy and to draw up plans and design appropriate action in response. This action in turn has a positive impact on the intellectual capital statement. Bearing in mind that German companies alone invested 21 billion euros in continuing professional training in 2001, including initial training for job starters, we recommend communicating the impact of knowledge creation and documenting the growth of qualitative knowledge.

Knowledge creation and growth are of course of elemental importance for us too, which is why we are equally consistent in promoting the internal qualification of our employees as we are in recommending to our customers that they do the same. Our staff take regular part in seminars, for example, which are chosen and agreed in annual personnel interviews. We also take very specific action to promote the development of young executives, such as Ksenija Razum who first came to us as a trainee and now holds a position as a successful sales executive in the company.

In an increasingly knowledge and service-oriented world, companies will inevitably step up their investments in their intellectual capital in order to promote both their innovative capacity and competitiveness. Qualification will play a central role in this process. With requirements-oriented offers, our proven consulting expertise, and the didactic and methodological knowledge of one of the major players in the continuing qualification market, we are exceptionally well prepared for this development.



As a qualification provider we take a keen interest in the issue of what employees need to know, particularly as people knowledge is one of the major assets determining the success of companies today. As far as our own employees are concerned, we have absolute trust in the work of Martina Baumann and the key role of her human resources concept for young executives such as Ksenija Razum.





Like many of our customers we are an international company and not only maintain a presence in Germany and Switzerland but also, as part of the Unilog Group, in Austria and France. Which explains how Josef Zihlmann from Switzerland and Michel Walfard from France became colleagues in the first place and continue to build a name for the company as a European qualification partner.

“Intercultural exchange teaches us how to see the world from the perspective of other people, and thus enriches all those involved in such dialog.”

Josef Zihlmann, Managing Director of Unilog Integrata Training AG in Zurich, and
Michel Walfard, Directeur Général of Unilog IT Training in Paris

Since changing our name in May 2001 to reflect our integration in the Unilog Group we have made steady progress building the European Training Business Line. With the aim of sharpening our profile in the European market and boosting our position in international project business, we cautiously brought our corporate image into line with the CD of the Unilog Group during 2002. During the current business year we have also created a European organisational unit which will exploit synergies in the field of marketing. This will include coordinating marketing strategies, adopting an integrated brand policy, and developing joint - and consequently more economic - accompanying materials.

An international approach to marketing is complemented by the shared use of IT structures. In this context, the Swiss-based Unilog Integrata Training AG has adopted seminar, trainer, training materials and room management systems as well as the public seminar booking system which has already proved so successful in Germany.

Working together in this way not only strengthens us internally, but also makes us more attractive for the market. Companies which are locked in international competition themselves also

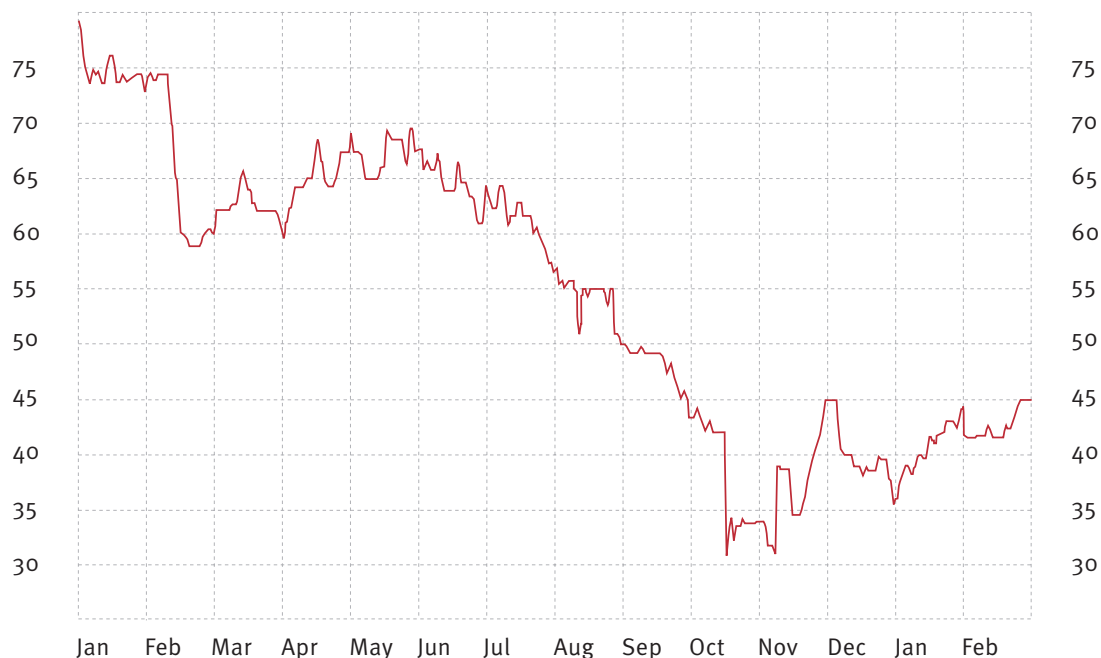
expect their qualification partners to think in global terms. We honour this expectation with a range of topics covering technology, organisation, and human resources which is continuously being updated and expanded. English-language seminars in particular play an important role in this respect. Over 20 new topics, which are also offered in English, were introduced under the heading “international relations” in 2002. We have added a special chapter for this offer in our catalogue which caters for the specific needs of multinational companies. In 2002, for example, an English-language “train-the-trainer” seminar was run for Airbus. Although the seminar itself was held in Toulouse in France, participants came from Germany, France and Spain to take part. The seminar is due to be repeated during the current business year. With activities such as these, our own intercultural experience, and our global didactic and methodological competence, we have clearly positioned ourselves as European qualification providers without, however, neglecting our regional presence. This combination of local customer proximity and international orientation is one of the greatest strengths of our company and one which we intend to continue developing throughout 2003 - as colleagues, business associates and, above all, as the partners of our customers.

Our customers include companies and institutions operating in the most diverse fields of business and industry, including almost 90 of 100 largest companies in Germany and around 60 of Europe's top 100 companies in Unilog's Training Business Line. We share a successful record of cooperation with all these companies - and a long-standing partnership with many of them. The following presents an extract from our client list:

| | |
|---|--|
| Adam Opel AG | IBM Deutschland GmbH |
| Allianz Versicherungs-AG | KarstadtQuelle AG |
| Arthur Andersen GmbH | Kodak GmbH |
| Audi AG | Landesbank Baden-Württemberg |
| Aventis | Landschaftsverband Westfalen-Lippe |
| AXA Service AG | MAN AG |
| BASF AG | MTU Friedrichshafen GmbH |
| Bertelsmann AG | Mummert + Partner Unternehmensberatung AG |
| BMW AG | NDR |
| Brose Fahrzeugteile GmbH & Co. KG | Novartis Deutschland GmbH |
| Buderus Heiztechnik GmbH | Océ Deutschland GmbH |
| Bundesamt für Wehrtechnik und Beschaffung | Postbank AG |
| Carl Zeiss | Praktiker Bau- und Heimwerkermärkte AG |
| Commerzbank AG | PricewaterhouseCoopers Unternehmensberatung GmbH |
| DaimlerChrysler AG | R+V Versicherungen AG |
| DAK | Robert Bosch GmbH |
| Danet GmbH | RWE AG |
| Degussa AG | SIGNAL IDUNA-Gruppe |
| Deutsche Bahn AG | Sika Chemie GmbH |
| Deutsche Bank AG | Südwestrundfunk |
| Deutsche Post AG | Sun Microsystems |
| Deutsche Telekom AG | Teekanne GmbH |
| Dresdner Bank AG | Tengelmann Warenhandelsgesellschaft OHG |
| DZ-Bank AG | ThyssenKrupp Stahl AG |
| EADS Deutschland | T-Systems International GmbH |
| Edeka Handelsgesellschaft | TUI AG |
| E.ON Energie AG | Versorgungsanstalt des Bundes und der Länder |
| Finanzministerium Baden-Württemberg | Vodafone D2 GmbH |
| Fraport AG | Volkswagen AG |
| Gedas Deutschland GmbH | Wacker Chemie GmbH |
| Gruner + Jahr AG & Co | Westdeutsche Landesbank |
| Henkel KGaA | Xerox GmbH |
| Hewlett Packard GmbH | ZF Sachs AG |

| Funds and cash-flow statement 2002 | | |
|---|------------------------|------------------------|
| | 2002 KEUR | 2001 KEUR |
| I. Operative activities | | |
| 1. Net profit | 768.9 | 3,875.9 |
| 2. Depreciation on intangible assets, fixed assets, tangible and financial assets | 4,512.7 | 2,755.1 |
| 3. Additions to long-term reserves affecting net income | <u>40.8</u> | <u>163.9</u> |
| 4. Cash flow | 5,322.3 | 6,794.9 |
| 5. Losses of disposal of fixed assets | 6.5 | 21.0 |
| 6. Increase in accounts receivable and other assets (previous year decrease) | -1,874.8 | 3,531.1 |
| 7. Decrease in accounts payable and other liabilities | <u>-3,210.4</u> | <u>-1,887.3</u> |
| 8. Inflow of funds from current business activities | <u>243.6</u> | <u>8,459.7</u> |
| II. Investment activities | | |
| 9. Payments received from the disposal of fixed assets | 5.4 | 2.0 |
| 10. Revenue on disposal of participating interests (balanced with removed liquid assets) | 335.1 | 0.0 |
| 11. Payments made for investments in fixed assets | -715.3 | -2,456.7 |
| 12. Payments made for investments in intangible assets | -1,355.2 | -1,302.9 |
| 13. Payments made for the acquisition of consolidated companies and other business units | <u>0.0</u> | <u>-941.0</u> |
| 14. Outflow of funds as a result of investment activities | <u>-1,730.0</u> | <u>-4,698.6</u> |
| III. Financial activities | | |
| 15. Minority interests | 0.0 | 15.0 |
| 16. Payments made to shareholders (dividends) | <u>-585.7</u> | <u>-628.8</u> |
| 17. Outflow of funds as a result of financial activities | <u>-585.7</u> | <u>-613.8</u> |
| IV. Changes in financial resources effecting payments (balance I - III) | -2,072.1 | 3,147.1 |
| 18. Financial resources at the beginning of the period | <u>10,571.1</u> | <u>7,424.0</u> |
| 19. Financial resources at the close of the period | <u>8,499.0</u> | <u>10,571.1</u> |

Unilog Integrata Training Stock - Development since January 2002 (in Euros)



DVFA/SG results

| | 2002 KEUR | 2001 KEUR |
|--|---------------------|-----------------------|
| Consolidated net profit, according to P/L statement | 768.9 | 3,875.9 |
| - Revenue on sale of ITL GmbH | -231.9 | 0.0 |
| - Minus depreciation on netted goodwill | 0.0 | 0.0 |
| - Plus (previous year minus) minority holding | 231.7 | -92.2 |
| Change in deferred tax assets | | |
| 37.6% (1999 40%) | | |
| reserves for part-time employment of pensioners | -72.8 | 37.0 |
| for pension reserves | 0.0 | -1.0 |
| for anticipated losses | -38.0 | 38.0 |
| for reserves for repairs | 11.3 | -14.0 |
| losses, ITL | 0.0 | 0.0 |
| DVFA/SG results, consolidated statements | <u>669.2</u> | <u>3,843.7</u> |
| DVFA/SG, results per share in Euros (excluding own shares) | 1.14 | 6.56 |

Earnings ratios

| All statements after taxes | 2002 % | 2001 % |
|----------------------------|-----------|-----------|
| Profit sales ratio | 1.5 | 7.0 |
| DVFA/SG profit sales ratio | 1.3 | 6.9 |
| Return on equity* | 8.7 | 66.4 |
| DVFA/SG return on equity* | 7.5 | 65.9 |

* based on the shareholders' equity disclosed last year minus dividends

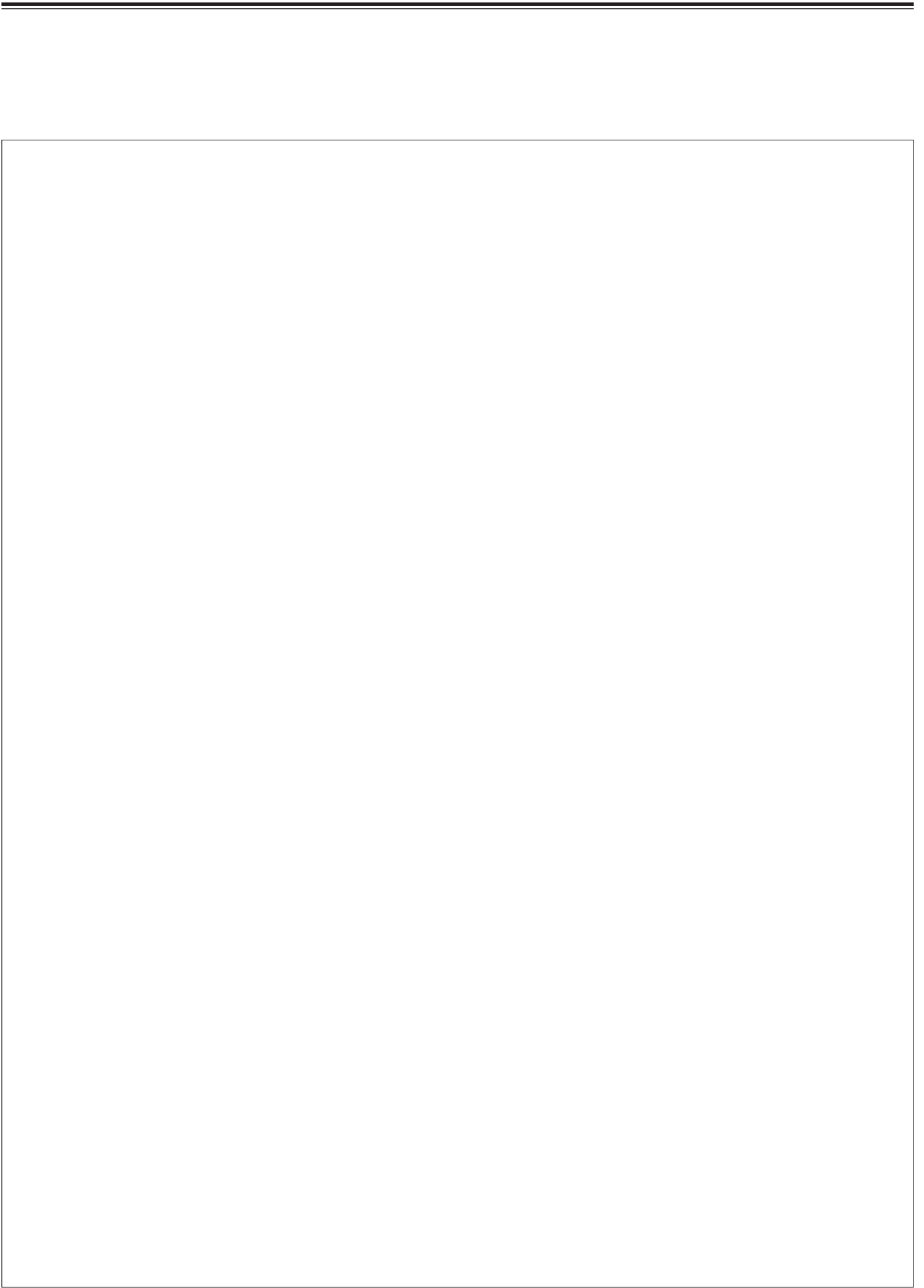
Assets

| | 12/31/2002 KEUR | 12/31/2002 KEUR | 2001 KEUR |
|---|--------------------|--------------------|----------------|
| A. Fixed assets | | | |
| I. Intangible assets | | | |
| 1. Licenses and similar rights | 1,516.5 | | 1,257.7 |
| 2. Goodwill | <u>773.8</u> | | <u>872.6</u> |
| | | 2,290.3 | 2,130.3 |
| II. Tangible fixed assets | | | |
| 1. Land and leasehold rights and buildings, including buildings on third-party land | 105.6 | | 135.6 |
| 2. Other fixtures and fittings, tools and equipment | <u>1,417.5</u> | | <u>1,939.9</u> |
| | | 1,523.1 | 2,075.5 |
| III. Financial assets | | | |
| 1. Shares in affiliated companies | 0.0 | | 1,229.9 |
| 2. Loans to affiliated companies | <u>0.0</u> | | <u>1,640.6</u> |
| | | 0.0 | 2,870.5 |
| B. Current assets | | | |
| I. Accounts receivable and other assets | 3,599.7 | | |
| 1. Accounts receivable trade | 298.4 | | 2,575.2 |
| 2. Accounts due from affiliated companies | <u>741.5</u> | | 281.7 |
| 3. Other assets | | | <u>47.8</u> |
| | | 4,639.6 | 2,904.7 |
| II. Securities | | | |
| Own shares | | 501.5 | <u>501.5</u> |
| III. Cash on hand and with banks | | 8,193.3 | <u>9,126.3</u> |
| C. Prepaid expenses | | 112.6 | <u>37.1</u> |
| | | 17,260.4 | 19,645.9 |

Balance sheet as of December 31, 2002
Unilog Integrata Training AG, Tübingen

Liabilities

| | 12/31/2002 KEUR | 12/31/2002 KEUR | 2001 KEUR |
|---|--------------------|--------------------|----------------|
| A. Capital | | | |
| I. Capital subscribed | | 1,536.0 | 1,536.0 |
| II. Capital reserves | | 1,020.5 | 1,020.5 |
| III. Earnings reserves | | | |
| 1. Reserves for own shares | 501.5 | | 501.5 |
| 2. Other earnings reserves | <u>5,958.7</u> | | 4,041.6 |
| | | 6,460.2 | |
| IV. Retained earnings | | <u>324.6</u> | <u>2,178.1</u> |
| | | 9,341.3 | <u>9,277.7</u> |
| B. Accrued liabilities | | | |
| 1. Pension reserves | 266.7 | | 245.6 |
| 2. Tax reserves | 467.3 | | 1,112.9 |
| 3. Other reserves | <u>2,874.6</u> | | <u>3,021.0</u> |
| | | 3,581.6 | <u>4,379.5</u> |
| C. Liabilities | | | |
| 1. Advance payments received | 1,601.4 | | 1,953.3 |
| 2. Trade accounts payable | 2,005.9 | | 2,680.9 |
| 3. Accounts due to affiliated companies | 72.6 | | 385.9 |
| 4. Other liabilities | <u>657.8</u> | | <u>968.6</u> |
| | | 4,337.6 | <u>5,988.7</u> |
| | | 17,260.4 | 19,645.9 |



Profit and loss account for the period January 1 - December 31, 2002
Unilog Integrata Training AG, Tübingen

| | 2002 KEUR | 2002 KEUR | 2001 KEUR |
|--|-----------------|-----------------|-----------------|
| 1. Sales | 47,256.6 | | 47,962.0 |
| 2. Other operating income | <u>964.5</u> | | <u>762.4</u> |
| | | 48,221.1 | <u>48,724.4</u> |
| 3.a) Cost of raw material, supplies, and purchased services | 1,245.2 | | 1,464.5 |
| 3.b) External services | <u>18,356.6</u> | | <u>16,435.3</u> |
| | | <u>19,601.8</u> | <u>17,899.8</u> |
| | | 28,619.3 | <u>30,824.6</u> |
| 4. Personnel costs | | | |
| a) Wages and salaries | 9,360.1 | | 10,298.9 |
| b) Social insurance contributions and expenses for old age security | <u>1,632.5</u> | | <u>1,595.8</u> |
| | | 10,992.6 | <u>11,894.7</u> |
| 5. Depreciations on intangible and fixed assets | | 2,403.1 | 2,231.7 |
| 6. Other operating expenses | | 11,943.5 | 11,691.2 |
| 7. Income from participating interests, thereof from affiliated companies | | 74.1 | 0.0 |
| 8. Other interest receivable and similar income | | 386.8 | 415.7 |
| 9. Depreciations on financial assets | | 2,362.5 | 500.0 |
| 10. Interest and similar expenses | | <u>0.9</u> | <u>10.4</u> |
| 11. Profit or loss on ordinary activities | | 1,377.6 | 4,912.3 |
| 12. Income taxes | | 726.0 | 1,973.1 |
| 13. Other taxes | | <u>2.4</u> | <u>-0.4</u> |
| 14. Net income | | 649.2 | 2,939.6 |
| 15. Profit brought forward | | 0.0 | 708.3 |
| 16. Transfer to other earnings reserves | | <u>-324.6</u> | <u>-1,469.8</u> |
| 17. Retained earnings | | 324.6 | 2,178.1 |

Assets

| | 12/31/2002 KEUR | 12/31/2002 KEUR | 2001 KEUR |
|--|--------------------|--------------------|--------------|
| A. Fixed assets | | | |
| I. Intangible assets | | | |
| 1. Licenses and similar rights | 1,516.5 | | 1,265.0 |
| 2. Goodwill | <u>773.8</u> | 2,290.2 | 2,813.8 |
| II. Tangible fixed assets | | | |
| 1. Land and leasehold rights and buildings, including buildings on third-party land | 105.6 | | 135.6 |
| 2. Other fixtures and fittings, tools and equipment | | | |
| | <u>1,633.1</u> | 1,738.7 | 2,395.0 |
| B. Current assets | | | |
| I. Accounts receivable and other assets | | | |
| 1. Accounts receivable trade | 3,766.6 | | 3,469.2 |
| 2. Accounts due from affiliated companies | 285.7 | | 203.0 |
| 3. Other assets | <u>819.1</u> | | 142.8 |
| | | 4,871.4 | |
| II. Securities | | | |
| Own shares | | | |
| III. Cash on hand and with banks | | 501.5 | 501.5 |
| C. Prepaid expenses | | 8,499.0 | 10,571.1 |
| | | 206.2 | 52.7 |
| | | 18,107.0 | 21,549.7 |

Consolidated balance sheet as of December 31, 2002
Unilog Integrata Training AG, Tübingen

Liabilities

| | 12/31/2002 KEUR | 12/31/2002 KEUR | 2001 KEUR |
|---|--------------------|--------------------|----------------|
| A. Capital | | | |
| I. Capital subscribed | | 1,536.0 | 1,536.0 |
| II. Capital reserves | | 1,020.5 | 1,020.5 |
| III. Earnings reserves | | | |
| 1. Reserves for own shares | 501.5 | | 501.5 |
| 2. Other earnings reserves | <u>5,993.1</u> | | <u>4,041.6</u> |
| | | 6,494.5 | |
| IV. Retained earnings | | 719.8 | 2,251.4 |
| V. Minority interests | | <u>-122.8</u> | <u>107.2</u> |
| | | 9,648.0 | 9,458.2 |
| B. Accrued liabilities | | | |
| 1. Pension reserves | 266.6 | | 245.5 |
| 2. Tax reserves | 597.8 | | 1,242.1 |
| 3. Other reserves | <u>2,934.0</u> | | <u>3,522.3</u> |
| | | 3,798.3 | |
| C. Liabilities | | | |
| 1. Advance payments | 1,601.4 | | 2,223.2 |
| 2. Trade accounts payable | 2,171.0 | | 3,152.0 |
| 3. Accounts due to affiliated companies | 93.6 | | 458.2 |
| 4. Other liabilities | <u>794.7</u> | | <u>1,248.2</u> |
| | | 4,660.7 | |
| | | 18,107.0 | 21,549.7 |

Consolidated profit and loss account for the period January 1 - December 31, 2002
Unilog Integrata Training AG, Tübingen

| | 2002 KEUR | 2002 KEUR | 2001 KEUR |
|---|-----------------|-----------------|-----------------|
| 1. Sales | 51,370.3 | | 55,581.6 |
| 2. Other operating income | <u>1,295.6</u> | | <u>1,167.1</u> |
| | | 52,665.9 | 56,748.7 |
| 3.a) Cost of raw material, supplies, and purchased services | 1,245.2 | | 1,630.5 |
| b) External services | <u>19,451.0</u> | | <u>18,262.6</u> |
| | | <u>20,696.2</u> | |
| | | 31,969.7 | 36,855.6 |
| 4. Personnel costs | | | |
| a) Wages and salaries | 10,880.0 | | 12,549.6 |
| b) Social insurance contributions and expenses for old age | <u>1,980.0</u> | | 2,088.8 |
| | | 12,860.1 | |
| 5. Depreciations on intangible and fixed assets | | 4,512.7 | 2,755.1 |
| 6. Other expenses | | 13,379.4 | 13,848.8 |
| 7. Other interest receivable and similar income | | 280.2 | 412.7 |
| 8. Other interest payable and similar expenses | | <u>0.8</u> | <u>10.4</u> |
| 9. Profit or loss on ordinary business activities | | 1,496.9 | 6,015.6 |
| 10. Income tax | | 725.5 | 2,135.8 |
| 11. Other taxes | | <u>2.5</u> | <u>3.9</u> |
| 12. Net profit | | 768.9 | 3,875.9 |
| 13. Profit brought forward | | 43.8 | -62.5 |
| 14. Transfer to other earnings reserves | | -324.6 | -1,469.8 |
| 15. Minority interest | | <u>231.7</u> | <u>-92.2</u> |
| 16. Retained earnings | | 719.8 | 2,251.4 |

I. Preliminary remarks

In addition to its annual financial statements, Unilog Integrata Training AG has also prepared consolidated financial statements. In accordance with Section 298 (3) HGB (German Commercial Code), the notes on the financial statements and the notes on the consolidated financial statements are presented together with the two management reports.

II. Information regarding companies included in the consolidation

The following company is included in the consolidated financial statements of Unilog Integrata Training AG in accordance with Section 290 HGB. The following direct interests were held in affiliated companies and reported in the annual financial statements of Unilog Integrata Training AG:

| | Shareholding % | Equity capital KSFR | Net profit KSFR | Capital subscribed KSFR |
|---|-------------------|---------------------------|--------------------|-------------------------------|
| Unilog Integrata Training AG, Switzerland | 72 | -636.9 | -1,201.7 | 100.0 |

Unless otherwise expressly mentioned, the figures and observations made here apply to both the annual financial statements and the consolidated financial statements.

The annual financial statements and the consolidated financial statements of Unilog Integrata Training AG for the business year from January 1 to December 31, 2002 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 account.

The Tübingen-based Unilog Integrata Aktiengesellschaft is the majority shareholder in Unilog Integrata Training AG and holds per year-end 2002 82.324% of the company's shares.

According to Section 20 AktG, Unilog Integrata Aktiengesellschaft has informed Unilog Integrata Training AG about their majority participation with letter dated August 29, 1996.

Unilog Integrata Training AG is incorporated in the consolidated financial statements of Unilog S.A., Paris.

Despite the negative equity disclosed above, owing to a letter of subordination issued by the parent company, the subsidiary was not overindebted.

The subsidiary is incorporated in the consolidated financial statements with Unilog Integrata Training AG, Tübingen.

Unilog Integrata Training AG, Switzerland, was included in the consolidated financial statements from the time of its acquisition (June 1, 2001). The main object of Unilog Integrata Training AG, Switzerland, is the provision of comprehensive IT training courses for key accounts (such as Credit Suisse, UBS and Zürich Versicherung); the company also runs technology-oriented seminars for the general public and individual corporate customers.

As a result of the removal of Integrata Lehrgänge Bildung und Beratung GmbH, Güstrow, and of BUB Hotelschule GmbH, Bad Doberan, (a subsidiary of Integrata Lehrgänge Bildung und Beratung GmbH) from the companies including in the consolidation during the business year 2002, comparisons with previous consolidated financial statements are in many respects limited.

The figures in the 2001 consolidated financial statements for subsidiaries divested in 2002 were as follows:

| | KEUR |
|-----------------------------|---------|
| Sales | 3,159.7 |
| External fees | 422.5 |
| Wages and salaries | 1,362.7 |
| Other operating expenses | 1,169.3 |
| Net profit | 71.3 |
| Tangible fixed assets | 119.2 |
| Accounts receivable trade | 423.1 |
| Cash on hand and with banks | 165.4 |
| Other short-term debt | 532.6 |

III. Information regarding the consolidation methods

The capital consolidation was performed according to the book value method of Section 301 (1), Sentence 2 No. 1 HGB. The valuations therefore always apply to the reporting date on which the subsidiary was first included in the consolidated financial statements. The reporting date for the initial consolidation of Unilog Integrata Training AG, Switzerland, is June 1, 2001. The active difference on the date of acquisition is reported as goodwill. As the company holds 72% of the shares in Unilog Training AG, Switzerland, this company was included in accordance with the rules for full consolidation including disclosure of minority interests.

Expenses and income, receivables and liabilities between the included companies were balanced against one another. Intermediate results from group-internal deliveries and performances were eliminated.

The conversion of the annual financial statements of Unilog Integrata Training AG, Switzerland, took place at the rate effective on the reporting date (1 EUR/1.4524 SFR). In order to simply matters, the profit and loss account was also converted at this rate.

Adjustments to take account of group accounting and valuation methods were not necessary.

IV. 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 depreciation or 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 three years. Goodwill is written off over a period of between five and fifteen years. Depreciation is charged to other fixed assets over a useful life of between two and twenty years. Low value items are written off in full in the year of acquisition. Additions and disposals during the first six months are subject to the simplification rule.

Participating interests in affiliated companies are reported at net book value.

Accounts receivable and other assets are disclosed at nominal value. A reasonable discount on accounts receivable has been built up for backing single 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.

Reserves to the amount of the anticipated claims have been set up for recognizable risks and contingent liabilities. Reserves for 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.

The liabilities are valued at the amount payable.

Insofar as the annual and consolidated financial statements contain items which are based upon amounts in foreign currencies, the conversion to Euros is carried out either at the historical rates or, for assets, at the lower rates or, for liabilities, at the higher rates effective on reporting date.

V. Notes on the balance sheet and consolidated balance sheet

Assets

The movement of the fixed-assets items of Unilog Integrata Training AG as well as the fixed assets in the consolidated financial statements can be seen in the appendices to the notes entitled "Fixed-assets movement schedule" (refer to appendices 1 and 2).

The goodwill of Unilog Integrata Training AG, Switzerland, arising on initial consolidation in the consolidated financial statements on June 1, 2001 amounts to KEUR 683.1. This goodwill is fully amortized in business year 2002. The total amortization in the business year 2002 amounts to KEUR 663.2 and the book value as of December 31, 2002 was thus KEUR 0.

Goodwill of KEUR 1,607.5 arose in the annual financial statements of Unilog Integrata Training AG, Switzerland, as a result of the acquisition of the training department of EDS Information Business GmbH. An extraordinary amortization charge amounting to KEUR 120.2 and the regular amortization amounting to KEUR 189.4 were made in the business year 2001. This goodwill is fully amortized in the consolidated financial statements of business year 2002. The total amortization in the business year 2002 amounts to KEUR 1,297.9 and the book value as of December 31, 2002 is therefore KEUR 0.

Regarding the loan about KEUR 1,712.3 given by Unilog Integrata Training AG to Unilog Integrata Training AG, Switzerland, a subordination agreement on the partial amount of KEUR 1,032.8 was declared. Based on the principle to act with caution the total amount of the loan was amended to KEUR 0 in the 2002 annual financial statements of Unilog Integrata Training AG.

The participating interest of KEUR 721.9 in Unilog Integrata Training AG, Switzerland, is fully amortized in business year 2002 in the annual financial statements of Unilog Integrata Training AG.

The book value of Integrata Lehrgänge Bildung und Beratung GmbH was KEUR 508.0 as of December 31, 2001. The share in ITL was sold in 2002 for KEUR 511.3. Excluding auxiliary costs, this is equal to a profit in the financial statements of KEUR 3.3.

Goodwill of KEUR 255.6 arose in the 2001 annual financial statements of Unilog Integrata Training AG on the acquisition of the ITZ training division. This goodwill will be written off according to the straight-line method over the actual estimated service life of fifteen years. Amortization charges in the business year 2002 amounted to KEUR 17.0 and the book value as of December 31, 2002 was thus KEUR 221.6. Goodwill in the annual financial statements of Unilog Integrata Training AG also includes amounts arising from the hiving-off of Unilog Integrata AG in 1994. This goodwill will also be amortized over its estimated service life of fifteen years using the straight-line method. Annual amortization charges amount to KEUR 81.8 and the remaining book value as of December 31, 2002 is KEUR 552.2.

In total, the consolidated financial statements of Unilog Integrata Training AG as of December 31, 2002 thus contain capitalized original goodwills from the annual financial statements of the shareholders valued at KEUR 773.8.

Depreciation charges on low value items in the annual financial statements of Unilog Integrata Training AG amounts to KEUR 99.6. In the consolidated financial statements of Unilog Integrata Training AG this depreciation amounts to KEUR 100.1.

Accounts receivable and other assets

The receivables as of December 31, 2001 and December 31, 2002 mature within one year.

The receivables due from affiliated companies result from the current transactions with the Unilog Integrata Group and with Unilog S.A., Paris.

Own shares

A resolution adopted on May 23, 2002 authorized Unilog Integrata Training AG to acquire own shares up to a value of ten percent of the company's share capital and to sell the same to the exclusion of the subscription rights of existing shareholders. This authorization remains in effect until November 22, 2003. The authorization to acquire own shares resolved upon at the shareholders' meeting on May 16, 2001 ceases to apply as soon as this new authorization becomes effective.

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).

Own shares acquired were posted on the balance sheet date at their acquisition costs of KEUR 501.5.

No further own shares were acquired during the period under review.

Consolidated equity

The composition and development of the consolidated equity (consolidated equity movement schedule) pursuant to the German accounting standard no. 7 is enclosed as appendix 3.

The equity earned and reported in this movement schedule of KEUR 6,712.8 is available for distribution to the shareholders; KEUR 501.5 (reserve for own shares) of the equity earned is not available for distribution pursuant to the applicable statutory regulations.

Subscribed capital

Unilog Integrata Training AG's subscribed capital amounted to EUR 1,536,000.00 on the reporting date. The majority is held by Unilog Integrata AG, Tübingen.

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

The Board of Management is doubly authorized, with the approval of the Supervisory Board, to increase the company's share capital once or repeatedly to a total in each case of EUR 384,000.00 by issuing new bearer shares against cash or non-cash assets by May 25, 2004 (approved capital I). The Board of Management is likewise authorized in the same amount (approved capital II) - with the additional approval of the Supervisory Board - to decide to exclude subscription rights. The exclusion of subscription rights is only permitted in the event of an increase in capital for a contribution in kind, in order to acquire a participating interest or company, or for fractional amounts.

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 2002.

Earnings reserves

The shareholders' meeting appropriated KEUR 1,592.5 to earnings reserves from the net profit for 2001. The Supervisory Board and the Unilog Integrata Training AG Board of Management have appropriated EUR 324.6 to other earnings reserves from the net profit for 2002 (Section 58 (2) AktG). Unilog Integrata Training, Switzerland, also appropriated KEUR 34.4 to earnings reserves. The consolidated earnings reserves as of December 31, 2002 thus increased by KEUR 1,951.5 to KEUR 5,993.1.

Retained earnings

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

| | Annual financial statements KEUR | Group financial statements KEUR |
|---|---|--|
| Retained earnings, December 31, 2001 | 2,178.1 | 2,251.4 |
| ./. Earnings appropriated to reserves | -1,592.5 | -1,626.9 |
| ./. Dividend distribution 2001 | <u>-585.6</u> | <u>-585.6</u> |
| profit brought forward, January 1, 2002 | 0.0 | 38.9 |
| + Adjustment for currency differences | 0.0 | 4.8 |
| Net profit/consolidated net profit 2002 | 649.2 | 768.9 |
| ./. Transfer to other earnings reserves (Section 58 (2) AktG) from the net profit for 2002 | -324.6 | -324.6 |
| Balancing item for shares held by other shareholders | <u>0.0</u> | <u>231.7</u> |
| Retained earnings, December 31, 2002 | <u>324.6</u> | <u>719.8</u> |

Pension reserves

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

Other reserves

The other reserves in the consolidated financial statements are composed of the following:

| Item | 1/1/2001 KEUR | Removal of ITL GmbH = Use = Release = KEUR | I U R | Additions KEUR | 12/31/2002 KEUR |
|---|------------------|--|-------------|-------------------|--------------------|
| Reserves for part-time employment of pensioners | 359.0 | 36.1 | U | 55.7 | 378.6 |
| Holidays | 383.1 | 352.1 | U,I | 328.5 | 359.5 |
| Overtime | 149.3 | 149.3 | U,I | 91.6 | 91.6 |
| Employers liability insurance association etc. | 116.4 | 116.4 | U,I | 117.0 | 117.0 |
| Other personnel costs | 924.6 | 708.3 216.3 | U,I R | 196.9 | 196.9 |
| Legal, consultancy and audit costs | 91.6 | 85.5 6.1 | U,I R | 87.3 | 87.3 |
| Deferred repairs and maintenance | 301.0 | 301.0 | U,I | 310.0 | 310.0 |
| Outstanding invoices | 771.4 | 532.2 93.1 | U,I R | 588.6 | 734.7 |
| Other | 426.0 | 266.5 114.0 | U,I R | 612.8 | 658.3 |
| | 3,522.3 | 2,547.4 429.5 | U,I R | 2,388.5 | 2,933.9 |

These reserves correspond for the most part with those posted in the financial statements.

Liabilities

The liabilities amount to KEUR 4,337.7 as of December 31, 2002 (KEUR 4,660.7 in the group) and, as in the previous year, are due within one year. The other liabilities include liabilities from taxes amounting to KEUR 154.9 (KEUR 145.8 in the previous year) as well as liabilities from social security amounting to KEUR 223.3 (KEUR 222.4 in the previous year). The consolidated financial statements include liabilities from taxes amounting to KEUR 159.7 (KEUR 163.2 in the previous year) as well as liabilities from social security amounting to KEUR 271.4 (KEUR 371.2 in the previous year).

VI. Notes on the profit and loss account

Sales

Sales reported in the annual financial statements are generated almost exclusively in Germany. The consolidated financial statements include foreign sales of 8.2% generated by our Swiss subsidiary. Total sales reported in the group amount to KEUR 51,370.3 of which KEUR 4,226.1 were generated by Unilog Integrata Training AG, Switzerland.

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:

| | Annual financial statements % | Con- solidated financial statements % |
|------------------------|--|---|
| Public seminars | 51 | 49 |
| In-house seminars | 22 | 22 |
| Qualification projects | 26 | 28 |
| Other services | <u>1</u> | <u>1</u> |
| | <u>100</u> | <u>100</u> |

Other operating income

Other operating income in both the annual and consolidated financial statements includes revenue from the release of reserves amounting to KEUR 429.5.

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 and consolidated financial statements include pension costs to the amount of KEUR 21.1 (previous year KEUR 19.4).

An average of 222 staff were permanently employed by the group in 2002 (265 in the previous year; hereof at ITL-GmbH 55). The number is made up as follows:

| | No. of employees |
|--|---------------------|
| Unilog Integrata Training AG | 197 |
| Unilog Integrata Training AG, Switzerland | 25 |

Unilog S.A., 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 S.A.

Other operating expenses

This item includes IT, buildings, public relations, office communications, entertainment expenses, supplementary personnel costs and expenses relating to the services received from Unilog Integrata AG.

Interest income and interest expenditure

The financial statements of Unilog Integrata Training AG contain interest income of KEUR 124.3 from Unilog Integrata AG and KEUR 108.6 from Unilog Integrata Training AG, Switzerland. No interest expenses were incurred in relation to affiliated companies.

Insofar as these amounts concern invoiced intergroup transactions they have been eliminated in the consolidated financial statements.

The elimination of interest allocation between the companies belonging to the consolidated group results in interest income of KEUR 108.6 from a loan agreed with Unilog Integrata AG.

VII. 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:

Gerhard Wächter, Kusterdingen (Spokesman)

Graduate computer scientist (Diplom-Informatiker)
Responsible for sales and marketing

Dr. Hans Günter Heilmann, Tübingen

Graduate physicist (Diplom-Physiker)
Responsible for administration, production and product management

Member of the following supervisory board:

- President of the Administrative Board of Unilog Integrata Training AG, Switzerland

Members of the Supervisory Board:

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

Gérard Philippot, Le Raincy (Chairman)

Engineer

Member of the following supervisory board:

- Supervisory Board of Unilog Integrata AG, Tübingen

Dr. Christoph Binge, Berlin (Vice-Chairman)

Lawyer and Notary

Martin Hornbach, Bornheim

Industrial Engineer (Wirtschaftsingenieur)

Member of the following supervisory board:

- Chairman of the Supervisory Board of Hexagon AG, Wiesbaden

Herbert-Franz Chilcott, Diplom-Kaufmann, Paris

(as of May 23, 2002)

Directeur Général (CEO), Head of International Corporate Control, Unilog S.A., Paris

Sonja Fell, MBA, Paris

(as of May 23, 2002)

Directeur Général au Développement
(Executive Vice President for Corporate Development),
Unilog S.A., Paris

Dipl.-Ing. Peter Kirn (graduate engineer), Böblingen

(as of May 23, 2002)

Executive Consultant

Member of the following supervisory boards:

- ATOSS AG, München, Chairman of the Supervisory Board
- AD Solutions AG, Langenfeld, Chairman of the Supervisory Board

| | | |
|---|-------------------------------|-----------------------|
| - rzw cimdata AG, Weimar, Chairman of the Supervisory Board | Distribution to shareholders | EUR 87,847.50 |
| - spirit/21 AG, Ehningen, Member of the Supervisory Board | Transfer to earnings reserves | EUR 236,753.36 |
| - businessMart AG, Stuttgart, Member of the Supervisory Board | Retained earnings | EUR 324,600.86 |

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

Tübingen, February 2003

The safeguard clause provided by Section 286 HGB was applied with regard to the disclosure of the remuneration of the Board of Management.

Unilog Integrata Training AG
The Board of Management

The earnings of the Supervisory Board amount to KEUR 65.0.

VIII. Contingencies and other financial obligations

The other financial obligations essentially concern obligations from leasing and tenancy agreements. They are expected to amount to KEUR 4,264.5 in the year 2003 (KEUR 4,911.2 for the corporate group). The liabilities due to affiliated companies amount to KEUR 2,947.2 in both the individual financial statements and the consolidated financial statements. For Unilog Integrata Training AG, Switzerland, there is a debt guarantee at the Zürcher Kantonalbank about KEUR 668.5.

There will be similar obligations in the next few years.

IX. Proposal concerning the utilization of net income

The annual financial statements of Unilog Integrata Training AG as of December 31, 2002 report retained earnings of EUR 324,600.86.

With the agreement of the Supervisory Board, the Board of Management recommends to the shareholders' meeting to distribute dividends to the amount of EUR 87,847.50 (corresponding to an amount of EUR 0.15 per share) and to appropriate the remaining amount to the reserves:

| | Purchase cost KEUR | | | |
|---|--------------------|-----------|-----------|------------|
| | 1/1/2002 | Additions | Disposals | 12/31/2002 |
| Additions | | | | |
| I. Intangible assets | | | | |
| 1. Licenses and similar rights | 4,357.5 | 1,355.2 | 61.3 | 5,651.4 |
| 2. Goodwill | 1,482.7 | 0.0 | 0.0 | 1,482.7 |
| | 5,840.2 | 1,355.2 | 61.3 | 7,134.1 |
| II. Tangible fixed assets | | | | |
| 1. Land and leasehold rights and buildings, including buildings on third-party land | 244.7 | 0.0 | 0.0 | 244.7 |
| 2. Other fixtures and fittings, tools and equipment | 4,601.9 | 667.3 | 255.8 | 5,013.4 |
| | 4,846.6 | 667.3 | 255.8 | 5,258.1 |
| III. Financial assets | | | | |
| 1. Shares in affiliated companies | 3,263.8 | 0.0 | 2,541.9 | 721.9 |
| 2. Loans to affiliated companies | 1,640.6 | 0.0 | 0.0 | 1,640.6 |
| | 4,904.4 | 0.0 | 2,541.9 | 2,362.5 |
| | 15,591.2 | 2,022.5 | 2,859.0 | 14,754.7 |

Fixed-assets movement schedule of Unilog Integrata Training AG, Tübingen
for the period January 1 - December 31, 2002

| | Cumulated depreciation KEUR | | | | Net book values KEUR | | |
|--|-----------------------------|---------------------|----------------|------------------|----------------------|--------------------|--|
| | 1/1/2002 | Annual depreciation | Disposals | 12/31/2002 | 12/31/2002 | 12/31/2001 | |
| | 3,099.8 610.1 | 1,096.4 98.8 | 61.3 0.0 | 4,134.9 708.9 | 1,516.5 773.8 | 1,257.7 872.6 | |
| | 3,709.9 | 1,195.2 | 61.3 | 4,843.8 | 2,290.3 | 2,130.3 | |
| | 109.1 2,662.0 | 30.0 1,177.9 | 0.0 244.0 | 139.1 3,595.9 | 105.6 1,417.5 | 135.6 1,939.9 | |
| | 2,771.1 | 1,207.9 | 244.0 | 3,735.0 | 1,523.1 | 2,075.5 | |
| | 2,033.9 0.0 | 721.9 1,640.6 | 2,033.9 0.0 | 721.9 1,640.6 | 0.0 0.0 | 1,229.9 1,640.6 | |
| | 2,033.9 | 2,362.5 | 2,033.9 | 2,362.5 | 0.0 | 2,870.5 | |
| | 8,514.9 | 4,765.6 | 2,339.2 | 10,941.3 | 3,813.4 | 7,076.3 | |

| | Purchase cost KEUR | | | |
|---|--------------------|-----------|-----------|------------|
| | 1/1/2002 | Additions | Disposals | 12/31/2002 |
| I. Intangible assets | | | | |
| 1. Licenses and similar rights | 4,457.6 | 1,355.2 | 161.4 | 5,651.4 |
| 2. Goodwill | 6,069.4 | 0.0 | 2,281.0 | 3,788.4 |
| | 10,527.0 | 1,355.2 | 2,442.4 | 9,439.8 |
| II. Tangible fixed assets | | | | |
| 1. Land and leasehold rights and buildings, including buildings on third-party land | 353.8 | 0.0 | 124.1 | 229.7 |
| 2. Other fixtures and fittings, tools and equipment | 6,398.7 | 715.3 | 1,606.6 | 5,507.4 |
| | 6,752.5 | 715.3 | 1,730.7 | 5,737.1 |
| | 17,279.5 | 2,070.5 | 4,173.1 | 15,176.9 |

Consolidated fixed-assets movement schedule of Unilog Integrata Training AG, Tübingen
for the period January 1 - December 31, 2002

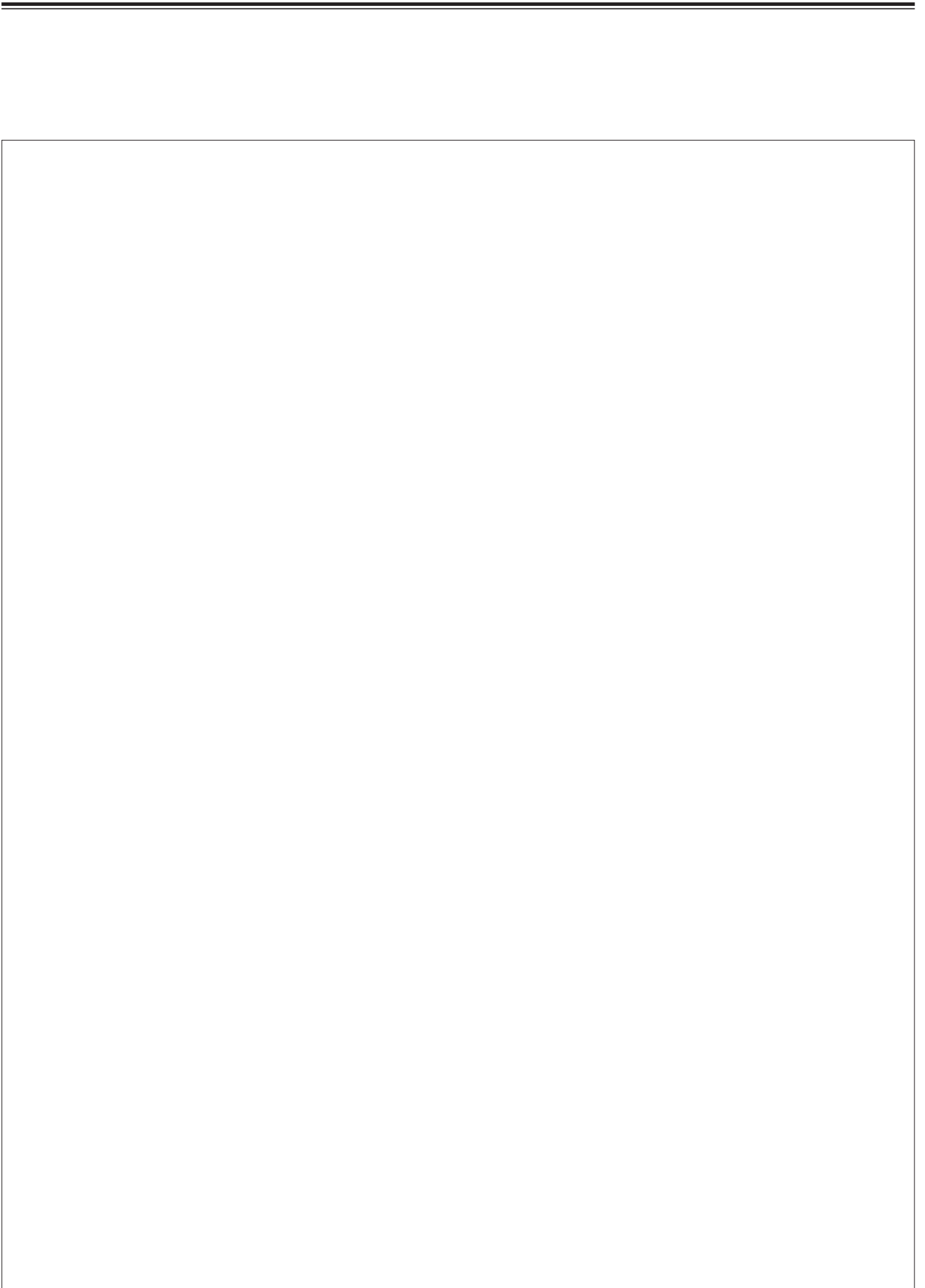
| | Cumulated depreciation KEUR | | | | Net book values KEUR | | |
|--|-----------------------------|---------------------|-----------|------------|----------------------|------------|--|
| | 1/1/2002 | Annual depreciation | Disposals | 12/31/2002 | 12/31/2002 | 12/31/2001 | |
| | 3,192.6 | 1,096.4 | 154.1 | 4,134.9 | 1,516.5 | 1,265.0 | |
| | 3,255.6 | 2,040.1 | 2,281.0 | 3,014.7 | 773.7 | 2,813.8 | |
| | 6,448.2 | 3,136.5 | 2,435.1 | 7,149.6 | 2,290.2 | 4,078.8 | |
| | 218.2 | 30.0 | 124.1 | 124.1 | 105.6 | 135.6 | |
| | 4,003.7 | 1,346.2 | 1,475.6 | 3,874.3 | 1,633.1 | 2,395.0 | |
| | 4,221.9 | 1,376.2 | 1,599.7 | 3,998.4 | 1,738.7 | 2,530.6 | |
| | 10,670.1 | 4,512.7 | 4,034.8 | 11,148.0 | 4,028.9 | 6,609.4 | |

| | Parent Company | | | |
|--|--------------------|------------------|----------------------------|---|
| | Subscribed capital | Capital reserves | Equity earned by the group | Equity as disclosed in consolidated balance sheet |
| | KEUR | KEUR | KEUR | KEUR |
| Balance at 12/31/2000 | 1,536.0 | 151.3 | 4,774.7 | 6,462.0 |
| Acquisition of own shares | | | | |
| Dividends paid | | | -628.8 | -628.8 |
| Changes in reporting entity | | | | |
| GAS 4-Adjustment per 1/1/2001 | | 869.2 | -1,135.1 | -265.9 |
| Group net profit for the year | | | 3,783.7 | 3,783.7 |
| Translation differences | | | | |
| Total recognised results for the group | | | 3,783.7 | 3,783.7 |
| Balance at 12/31/2001 | 1,536.0 | 1,020.5 | 6,794.5 | 9,351.0 |
| Acquisition of own shares | | | | |
| Dividends paid | | | -585.7 | -585.7 |
| Changes in reporting entity | | | | |
| Other changes | | | | |
| Group net profit for the year | | | 1,000.6 | 1,000.6 |
| Translation differences | | | 4.9 | 4.9 |
| Total recognised results for the group | | | 1,005.5 | 1,005.5 |
| Balance at 12/31/2002 | 1,536.0 | 1,020.5 | 7,214.3 | 9,770.8 |

¹ not held for redemption

Consolidated movement schedule of Unilog Integrata Training AG, Tübingen
for the period January 1 - December 31, 2002 (statement of changes in equity)

| | | | Minority Interest | | | | |
|-------------------------|---------|--|---|--|--------|--------------------|--|
| Own shares ¹ | Equity | | Minority interest in capital and earned results | Accumulated other gains and losses recognised directly in equity | Equity | Total group equity | |
| KEUR | KEUR | | KEUR | KEUR | KEUR | KEUR | |
| 501.5 | 5,960.5 | | 0.0 | 0.0 | 0.0 | 5,960.5 | |
| | -628.8 | | | | | -628.8 | |
| | -265.9 | | 15.0 | | 15.0 | -250.9 | |
| | 3,783.7 | | 92.2 | | 92.2 | 3,875.9 | |
| | 3,783.7 | | 92.2 | | 92.2 | 3,875.9 | |
| 501.5 | 8,849.5 | | 107.2 | 0.0 | 107.2 | 8,956.7 | |
| | -585.7 | | | | | -585.7 | |
| | 1,000.6 | | -231.7 | | -231.7 | 768.9 | |
| | 4.9 | | 1.7 | | 1.7 | 6.6 | |
| | 1,005.5 | | -230.0 | | -230.0 | 775.5 | |
| 501.5 | 9,269.3 | | -122.8 | 0.0 | -122.8 | 9,146.5 | |



1. General framework, development of the branch of business

The market volume for IT training contracted in 2002. Even the forecasts issued at the beginning of 2001 were reduced in the course of the year from 10% to around 5% following the events of September 11, 2001. In the final analysis the actual growth for the year was a mere 3%.

In contrast to the original forecast of around 3% for the whole of 2002, the assumption is now that the German IT training market will in fact contract - according to the META Group - by 5%¹.

Forecasts for the current year 2003 fluctuate between zero and 2%. Uncertainties among business managers with regard to the Iraq crisis have resulted in stagnation - and possibly even a further contraction - in the training market. Assuming this is the case, the IT training market in Germany would generate around 1.1 billion Euro this year.

Against this backdrop, the general assumption is that the order situation for qualification providers during the first six months of the year will probably tend to be marked by continued re-trenchment, only to pick up somewhat during the second half of the year. Larger-volume orders are expected to be placed more selectively in 2003 and greater weight attached to manageably proportioned projects with shorter project lifecycles.

The difficult economic setting will inevitably result in increased concentration in the continuing qualification market. Bigger market players will, on the other hand, expand their portfolios - in most cases in the form of acquisitions - aiming to strengthen their position and shape up for the international market. Demand for full-service providers will increase.

Within this competitive environment, Unilog Integrata Training AG already occupies a prime strategic position. The company's comprehensive range of services based on professional quality and innovative power has once again enabled it to top the ranks of manufacturer-independent qualification providers.

The challenges confronting the company in the future originate more and more from the need to achieve a combination of continuity and flexibility. As it has demonstrated again and again in the past, Unilog Integrata Training AG is well prepared to meet these challenges.

2. Overall situation of the corporate group

Contracting business on the qualification market also impacted Unilog Integrata Training AG. While sales were slightly up during the first half-year period compared with the same six-month period last year, sales were down over the year as a whole. The subsidiary firm Unilog Integrata Training AG in Zurich was particularly hard hit. On the other hand, Unilog Integrata Training AG performed better than the market average in Germany.

The Güstrow-based subsidiary Integrata Lehrgänge Bildung und Beratung GmbH was sold with effect from January 1, 2002.

2.1 Sales

The sales for the corporate group fell during the period under review by a total of 7.6% to KEUR 51,370.3. Consolidated annual sales (after adjustment for internal transactions) are distributed within the group as follows:

¹Enterprise E-Learning, Organized Knowledge Transfer - The Next Level, META Group, February 2003

| | 2002 KEUR | 2001 KEUR | Change % |
|--|--------------|--------------|-------------|
| Unilog Integrata Training AG | 47,144.3 | 47,944.4 | -1.7 |
| Unilog Integrata Training AG, Switzerland * | 4,226.0 | 4,482.2 | -5.7 |
| Integrata Lehrgänge Bildung und Beratung GmbH ** | 0.0 | 3,155.0 | n.a. |
| Unilog Integrata Training AG Group | 51,370.3 | 55,581.6 | -7.6 |
| Organic corporate development | 51,370.3 | 52,426.6 | -2.0 |

* consolidated as of June 1, 2001; change of name from TIS live AG to Unilog Integrata Training AG on January 1, 2002

** sold on January 1, 2002

Reporting a drop in sales of 1.7 %, the performance of Unilog Integrata Training AG once again outstripped that of the market as a whole in Germany which, according to an analysis produced by the META Group, contracted by around 5 %.

The significant decline in sales posted by Unilog Integrata Training AG, Switzerland, is largely the result of the difficult business situation confronting financial services companies and, as this is the sector from which the company recruits its key clients. Qualification spending by these clients has felt the impact of retrenchment.

2.2 Results

Owing to the drop in the level of business with public seminars and, as a result, fewer participants per seminar, profitability fell more sharply than sales. In addition to that the amortizations of the goodwills of Unilog Integrata Training AG, Switzerland, are also contributing to the lower consolidated net profit. Consolidated net profit after tax amounted to KEUR 768.9 and was thus 80.2 % lower than the corresponding figure for the previous year.

The DVFA/SG results developed similarly, falling by 82.5 %, and were as follows:

| | 2002 | 2001 | Change % |
|-------------------------------------|-------|---------|-------------|
| Consolidated net profit in KEUR | 768.9 | 3,875.9 | -80.2 |
| DVFA/SG results in EUR per share * | 1.12 | 6.41 | -82.5 |
| DVFA/SG results in EUR per share ** | 1.14 | 6.56 | -82.5 |

* Basis: total of 600,000 shares

** Basis: excluding own shares (585,650 shares)

Profit on ordinary activities in the group was KEUR 1,496.6 equal to an operative return on sales of 2.9 % (before amortization of goodwill operative return on sales was 6.1%). The operative return on sales posted in Unilog Integrata Training AG's individual financial statements was 2.9 % (before amortization of goodwill and amendment of the loan to Unilog Integrata Training AG, Switzerland, operative return on sales was 7.9 %).

2.3 Financing

The group had liquid resources at its disposal of KEUR 8,499.0 on the balance sheet date with no bank loans. The cash flow developed as follows:

| | 2002 KEUR | 2001 KEUR | Change % |
|-----------|--------------|--------------|-------------|
| Cash flow | 5,322.3 | 6,794.9 | -21.7 |

2.4 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 2002, the share price fell from EUR 75.00 (Stuttgart 1/2) to EUR 37.00 (Stuttgart 12/30) by the end of the year. The 52-week high was EUR 75.50 (Stuttgart 1/17) and the lowest level EUR 29.00 (Stuttgart 11/4).

Unilog Integrata Training AG did not acquire any further own shares during the period under review.

3. Business situation of Unilog Integrata Training AG

3.1. Sales

Reporting sales of KEUR 47,256.6, the company undershot last year's results by 1.5 %. The picture for the various areas of activity is as follows:

2001, most investment in 2002 was channeled into replacing our seminar room equipment (hardware and software licenses). KEUR 270 was spent on software assurance for Microsoft products alone.

Larger-scale investments were also made for the continued development of our internal IT systems.

| | 2002 KEUR | 2001 KEUR | Change % |
|---------------------------------|--------------|--------------|-------------|
| Public seminars | 24,119.1 | 28,195.1 | -14.5 |
| Corporate services | 22,539.7 | 19,265.3 | 17.0 |
| of which in-house seminars | 10,341.0 | 12,353.7 | -16.3 |
| of which qualification projects | 12,198.7 | 6,911.6 | 76.5 |
| Other services | 597.8 | 501.6 | 19.2 |
| Total sales | 47,256.6 | 47,962.0 | -1.5 |

In many companies, cuts in seminar bookings continue to be regarded as a short-term means of slashing costs in an economically difficult situation. Sales of individual seminars consequently dropped significantly in both the public and in-house sectors.

On the other hand, strong growth of 76.5 % was reported for qualification projects where major orders were acquired in the SAP field in particular. This demonstrates that projects which have already been launched and have already attracted major sums of investment - i.e. for the implementation of SAP software - tend to be pursued by companies even during periods of economic crisis.

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

3.2 Investments

Following the complete refurbishment of the company's new training centers in Cologne, Berlin, Hamburg, and Nuremberg in

3.3 Research and development

During 2002 the company developed 124 new seminar topics. 43 seminar topics were either removed from the catalogue entirely or are now only offered in the form of individual in-house seminars.

The dual focus of new developments encompassed the rounding off of our existing range of services (particularly in the fields of Java and XML) on the one hand, and expanding our range of English-language seminars on the other. We also continued to focus on software updates involving both the re-conception of existing topics and the inclusion of entirely new topics generated by the range of performance offered by the software updates.

In 2002 development work on seminars reflected only the lack of innovations or new topics driving technological developments in the market as a whole. One reason for this is undoubtedly the lack of willingness in the current economic climate to engage in investment activities with the result that previous

growth sectors - such as e-business - generated fewer projects and fewer additional fields of growth which might otherwise have given rise to new topic areas.

Our learning management project was successfully completed in the e-training field. We are now able to offer our clients the option of implementing their e-training activities professionally on our platform. We have also extended our range of offerings to include the development of individual drill software and mixed training (blended approach).

3.4 Marketing

Our marketing mix continues to be mainly based on a combination of online and direct marketing, and both areas were expanded and developed in tandem with each other during 2002. However, activities clearly focused on the expansion of online marketing.

Customers and prospective customers were informed about numerous additional service offerings via our seminar schedule planner. This part of the website now has its own internet address, www.seminarplaner.de, and has benefited from an intensive advertising campaign, including in the appropriate professional press. The significant improvements made in the available print and search options have boosted the use made of the seminar schedule planner as a booking channel for public seminars. In May the number of orders for public seminars received via the web exceeded the 40% mark for the first time. The trend continues to be towards web-based bookings and this is naturally a real incentive for us to continue to deepen our customer orientation in 2003.

In addition to our seminar schedule planner, our website also offers a number of new features: detailed descriptions of in-house seminars, numerous topic-oriented seminar profiles, an extensive addition to the www.e-training.de site as well as - since autumn 2002 - an online newsletter which enables us to inform subscribers promptly and cost-effectively about all sorts of current innovations.

Another important topic is the work on building up European Business Line Training. In this context the corporate design of Unilog Integrata Training has been cautiously adapted in a step-by-step process throughout 2002 and brought into line with the CD of the Unilog Group. The objective is to enhance the recognition value of Business Line Training in the European market and thus to ease the way towards the acquisition of larger-scale European-oriented projects. This is also the purpose of the European organizational unit which will come into existence as of 2003 and which will not only implement an integrated brand policy and coordinate marketing strategies, but which also aims to bring about the joint - and consequently more economic - development of marketing and sales materials.

3.5 Organization/data processing

We continued to press ahead with the centralization of our data and the integration of all our processes in our internal software system throughout 2002. Three fully new applications were designed, realized and launched:

1. An invoicing system based on the existing order management system.
2. An electronic attendance sheet in which all employees are able to record their working hours and expenses.
3. An easy-to-use room planning tool designed to be used in the branch offices which provides an overview of the capacity utilization of rooms.

The selection of a CRM system was completed and the marketing licenses acquired in December.

A first step was made towards the internationalization of the company's IT systems. Following on from the reengineering and partial modification of processes, our public seminar booking system was launched in Unilog Integrata Training AG in Zurich alongside the seminar, trainer, training materials and room management systems.

The continued validity of the ISO certificate and the DQS TIP certificate for Germany - as well as the extension of the certi-

fication scope to include the Zurich location - was confirmed by the DQS.

3.6 Personnel

The number of permanent employees rose from 188 (as of December 31, 2001) to 194, corresponding to a full-time headcount of 181 at the end of the year. 16 new employees joined the company, 10 employees left the company in 2002. Fluctuation (departures) amounted to 5.2%.

New company agreements on working hours, traveling times, overtime and expenses were concluded. The company agreement relating to occupational pensions was implemented at the end of 2001. Various new regulations were implemented in the field of personnel development - including, for example, the induction of new employees or personnel interviews. The range of internal seminars on offer was expanded - particularly for sales personnel.

Most seminar services were delivered by freelance professionals or trainers from the affiliated Unilog Integrata Unternehmensberatung GmbH. In addition to enabling the company access to a large know how-pool, this facilitated a flexible response to fluctuating monthly capacity requirements.

3.7 Costs

Despite expanding our personnel capacity, personnel costs fell both in absolute terms and as a share of sales. The reason for this development was that the salaries of all employees are made up in part of variable salary elements tied to the achievement of agreed targets, which were not achieved in most cases in 2002.

On the other hand, fees for freelance professionals increased despite falling sales and grew significantly than sales. The main reason for this is that the average number of people participating in public seminars dropped tangibly so that the same costs were spread across reduced revenue.

Overall material costs were reduced by 2.6% despite an increase in the cost of premises following the occupation at the end of 2001/beginning of 2002 of new training centers in Berlin, Hamburg, and Nuremberg. Savings were made in spending on marketing, office communication and other miscellaneous costs.

Depreciation costs increased. As in previous years, the major impacting factor in this area is the switch in investments in hardware and software from leasing to purchases which leads to reduced leasing costs.

Other costs also include the service agreement concluded with Unilog Integrata AG. This service agreement basically covers the following services, some of which were spun off from Unilog Integrata Training AG in 1999: financial and accounting services, payroll accounting, certain internal system development and other central services in the fields of communications, market research, marketing and the execution of projects at group level.

Total variable costs rose considerably in comparison to sales; structural costs on the other hand could be held just below last year's level. As the main source of the increase in variable costs was the increase in fees paid to freelance professionals, a fee review was carried out with all freelance trainers at the end of the year.

3.8 Financing

The company had liquid resources at its disposal of KEUR 8,193.3 on the balance sheet date with no bank loans. The cash flow developed as follows:

| | 2002 KEUR | 2001 KEUR | Change % |
|-----------|--------------|--------------|-------------|
| Cash flow | 5,455.4 | 5,835.2 | -6.5 |

3.9 Results

Net profit after tax amounted to KEUR 649.2 and was thus 77.9% below the comparable figure for the previous year (KEUR 2,939.6).

The DVFA/SG result developed similarly, falling by 81.6%, and was as follows:

| | 2002 KEUR | 2001 KEUR | Change % |
|--|--------------|--------------|-------------|
| Net profit, Unilog Integrata Training AG | 649.2 | 2,939.6 | -77.9 |
| DVFA/SG results in EUR per share * | 0.92 | 5.00 | -81.6 |
| DVFA/SG results in EUR per share ** | 0.94 | 5.12 | -81.6 |

* Basis: total of 600,000 shares

** Basis: excluding own shares (585,650 shares)

The reasons for this decline in earnings are largely to be found in the company's operative activities where there was a tangible drop in the average number of participants in public seminars which, while costs remain more or less unchanged, led to reduced revenues and resource utilization. A second reason was the shifting of sales to project activities which, in comparison to well-attended public seminars, as a rule have a lower profit margin.

Also the amendment of the loan given to Unilog Integrata Training AG, Switzerland, and the amortization of the participating interest in Unilog Integrata Training AG, Switzerland, are contributing to the lower results with a total amount of KEUR 2,362.5 (see also chapter 4).

4. Business development of Unilog Integrata Training AG, Switzerland

After achieving outstanding results in 2001 the business year 2002 was marked by a reluctance among Unilog Integrata Training AG's key account clients in the Swiss financial services sector to engage in investment activities.

The largest customers of the last years from this area have cut IT staff across the board. Our previous contact persons at the customer have taken over new functions and the training budgets were slashed drastically. According to our own analysis we realized that the IT training market is dramatically broken down. Many of our competitors have filed for bankruptcy in recent months or have laid off staff. Under these circumstances it is especially difficult to establish our subsidiary in Switzerland.

Despite the drop in sales, Unilog Integrata Training AG, Switzerland, nonetheless managed to report balanced earnings before interest and goodwill amortization by the end of October. This was achieved by stripping away around 25% structural costs from the budgeted figures during the course of the year. However, as it was not possible to acquire new orders in autumn, the situation nonetheless continued to deteriorate.

Given the deteriorating order situation a decision was taken in November 2002 to introduce restructuring measures. This concerns both the reduction of overall material costs and the reduction of personnel costs.

In parallel to the restructuring measures the company has also stepped up its sales activities. These efforts have already begun to bear fruit among computer sciences trainees, in special preparation courses for examinations and in new framework

agreements. This shows that our offers are in accordance with the market needs.

However, profitability of the first two months of 2003 was very difficult. Therefore it was decided to do short-time work starting from March. With this additional measure we hope to reach balanced monthly results in the second half of 2003. The liquidity situation has to be observed carefully. Regarding the loan about KEUR 1,712.3 given to Unilog Integrata Training AG, Switzerland, a subordination agreement on the partial amount of TEUR 1,032.8 was declared.

5. Risk management

In accordance with the requirements of the statutory Control and Transparency in Business Act (KontraG) the existing risk management system has been extended in recent years and integrated in Unilog Integrata Training AG's quality system. An additional risk management chapter has been added to the training manual and this 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. Process owners, who monitor "their" processes on an ongoing basis and who are expected to recognize and report at an early stage any process-related and financial risks that may arise, have been nominated for the most important business processes.

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, allows relevant risks to be detected at an early stage.

There are no 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.

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.

The structural shift from public seminars to larger-scale qualification projects places higher demands on our controlling and risk monitoring activities as well as in terms of the contractual arrangements required for these projects. The requisite measures have been taken in this field by ensuring that our legal department reviews all important contracts and provides support to sales personnel in all issues relating to the preparation of proposals.

Owing to the license policy adopted by SAP AG we will no longer be able, as of May 2003, to offer public SAP seminars using SAP licenses. SAP has withdrawn its authorization in this area. According to SAP, this applies to all providers of seminars in Germany. As a result, public SAP seminars can only be held by SAP itself in future. We believe this is a highly regrettable development, particularly for our clients who have come to appreciate our very high-quality offers in this field. We shall endeavor to compensate for this loss by offering customized seminars on the premises of our customers, including for small groups of participants. This will have a negative impact on sales in the public seminar sector, as well as on the utilization of related resources (seminar rooms).

The business situation of Unilog Integrata Training AG in Switzerland continues to be problematic (see also chapter 4). We shall continue to monitor developments conscientiously on an ongoing basis.

6. Outlook for the corporate group

We anticipate that 2003 will prove to be a difficult business year. According to current economic projections, a cyclical upswing is unlikely to take place this year. The lack of willingness of companies to invest in employee training is continuing to exercise a very negative effect on the training market in Ger-

many. The general trend is towards increasingly short-term orders - both in the public and in-house fields - shorter seminars, enormous pressure on prices, and ever more individual requirements.

Fewer orders were received for public seminars during the first months of the year, and the average number of participants in such seminars has also dropped. This trend is exacerbated by the discontinuation of public SAP seminars. We shall continue to offer seminars with very few participants in order, wherever possible, to guarantee the performance of training events for our customers. However, this will only be feasible in business terms if we are able to modify freelance fees in line with the revenue situation. We are very grateful that, as in 2002, many of our freelance trainers are willing to accept such changes in the interests of both parties.

Demand is very high for customized all-round solutions for complex qualification tasks. In this context, our customers appear much more open to discussion than was the case at the end of 2002. Many companies have accumulated a backlog of qualification requirements, although unambiguous internal budget decisions have not yet been taken. Decisions all depend on future developments in the broader political and economic setting.

We shall extend our range of services this year by offering a broader selection of services in the field of e-training and the outsourcing of qualification services.

The situation of Unilog Integrata Training AG in Switzerland continues to be critical.

Overall the business year 2003 will be marked by consolidation in the market for continuing professional development. As far as Unilog Integrata Training AG is concerned, this means that the company's task this year is to buttress its strong market position and to continue to expand as soon as economic recovery sets in. The preconditions have all been met.

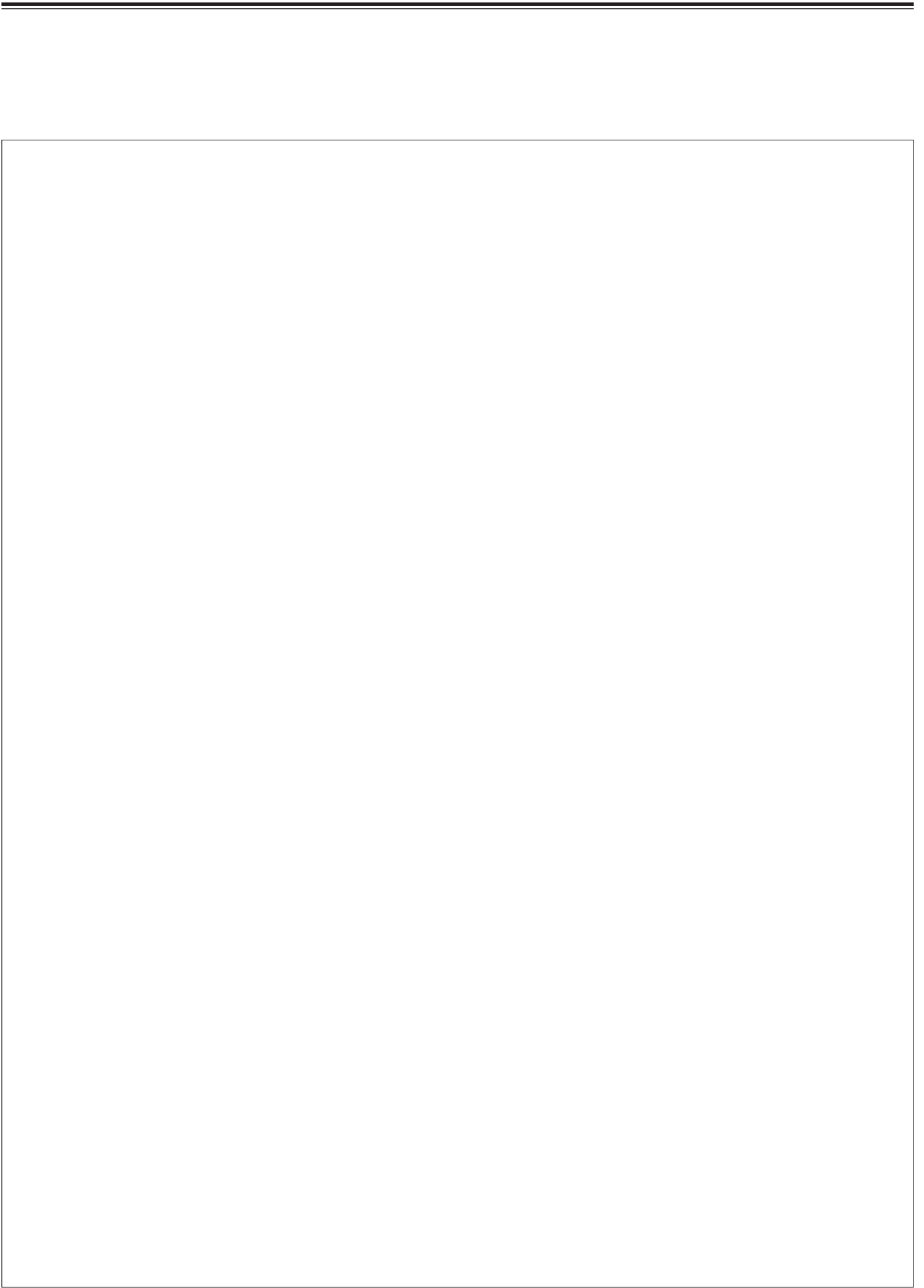
z. Report disclosing relations to affiliated companies

The Tübingen-based Unilog Integrata AG is the majority shareholder of Unilog Integrata Training AG and holds 82.324 % of the company's shares (84.716 % including Unilog Integrata Training AG treasury stock). The remainder of the stocks are floated freely. In July 1998, the French enterprise Unilog S.A., Paris, acquired a majority shareholding in Unilog Integrata AG, Tübingen.

On the basis of these equity relationships Unilog Integrata Training AG is a dependent company within the meaning of German Stock Corporation Law. 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, February 2003

Unilog Integrata Training AG
The Board of Management



As a result of our audit we are able to add the following unqualified auditors' opinion to the annual financial statements (appendices 1 - 3) submitted with the consolidated financial statements as of December 31, 2002 of Unilog Integrata Training AG, Tübingen, and the management report and group management report for the business year 2002 (appendix 4):

"We have audited the annual financial statements, together with the bookkeeping system, of the company Unilog Integrata Training AG as well as the consolidated financial statements and its report on the position of the company and the group prepared by the company for the business year from January 1, to December 31, 2002. The preparation of these documents in accordance with German commercial law and supplementary provisions in the partnership agreement are the responsibility of the company's management. Our responsibility is to express an opinion, based on our audit, regarding the annual financial statements, accounts, consolidated financial statements and the management and group management report.

We conducted our audit of the annual and consolidated financial statements in accordance with Section 317 HGB (German Commercial Code) and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (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 and the consolidated financial statements in accordance with German principles of proper accounting and in the management and group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and evaluations of possible misstatements are taken into account in the determination of the audit procedures. The effectiveness of the internal control system referring to accounting and the evidence supporting the disclosures in the books and records, the annual and consolidated financial statements and the management and group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting and consolidation principles used and significant

estimates made by management, as well as evaluating the overall presentation of the annual and the consolidated financial statements and the management and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the annual and the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the company and the group, respectively, in accordance with German principles of proper accounting. On the whole the management and group management report provides a suitable understanding of the company's and the group's position and suitably presents the risks of future developments."

Stuttgart, March 21, 2003

Wirtschaftstreuhand GmbH
Chartered Accountants
Tax Consultants

Kaebisch, Chartered Accountant
Prof. Dr. Heni, Chartered Accountant

During the reporting year the Supervisory Board has monitored and advised the management board in accordance with the tasks incumbent upon it and pursuant to the law and the articles of association. Regarding the company's course of business the Supervisory Board has regularly obtained information by the members of the management board. In the year 2002 the Supervisory Board has, in altogether four meetings, requested and received detailed information by means of oral and written reports of the management board regarding the state of the company, the course of business, and fundamental issues of the business policy. The Supervisory Board meeting dealing with the financial statements was held in March 2003 together with the company's auditors. It has discussed in depth the statements and all affairs which are subject to the consent of Supervisory Board. The chairman of the Supervisory Board has regularly received information regarding all major business transactions and the development of the key financial indicators from the spokesman of the management board.

Topics regularly dealt with were, apart from the current business development, the medium-term corporate strategy including the investment, staff and profit planning as well as the liquidity development of the company and the group it manages.

Particular topics were the adjustment of the costs to the more restrained turnover development, the sale of the subsidiary ITL GmbH and diverse possibilities of external growth as well as the development of the majority shareholding acquired in the subsidiary in Switzerland in mid-2001.

There were no Supervisory Board committees.

By means of an amendment of the articles of association the general meeting on May 23, 2002 decided to raise the number of the members of the Supervisory Board from three to six. With effect from the registration of the amendment of the articles of association the general meeting elected Ms Sonja Fell, Mr Herbert-Franz Chilcott and Mr Dipl.-Ing. Peter Kirn as members

of the Supervisory Board, to which the other members continue to belong.

Wirtschaftstreuhand GmbH, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, have audited - including the book-keeping - the annual financial statements of Unilog Integrata Training AG and the consolidated financial statements as of December 31, 2002 as well as the combined management report and group management report, and have issued an unqualified audit certificate.

The annual financial statements of Unilog Integrata Training AG, the consolidated financial statements, the combined management report and group management report, and the auditor's reports were available to all members of the Supervisory Board and were discussed in detail with the auditor in the Supervisory Board meeting dealing with the financial statements in March 2003.

The Supervisory Board inspected and approved the annual financial statements of Unilog Integrata Training AG, the combined management report and group management report and the management board's proposal on the appropriation of the net profits. The Supervisory Board has approved the management board's annual financial statements of Unilog Integrata Training AG. Thus the annual financial statements are established. The Supervisory Board approved the management report and the statements made therein with regard to the company's future development.

The Supervisory Board furthermore inspected and, having no objections, approved the consolidated financial statements of the group and the combined management report and group management report.

Moreover, the Supervisory Board has inspected the management board's report on the company's relations with affiliated companies. No objections were raised.

The company's auditor also audited the above-mentioned report of the management board and issued the following unqualified audit certificate:

"Following our due and proper audit and assessment, we hereby confirm that:

1. The actual information contained in the report is correct;
2. As regards the legal transactions stated in the report, the company's performance was not improperly high."

The Supervisory Board approves the results of this audit as well. Following its own examinations the Supervisory Board raises no objections against the management board's statements at the end of the report on the relations with affiliated companies.

The Supervisory Board thanks the management board and all the employees of Unilog Integrata Training Group for their efforts and achievements in 2002.

Paris, March 2003

The Supervisory Board

Gérard Philippot
Chairman

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